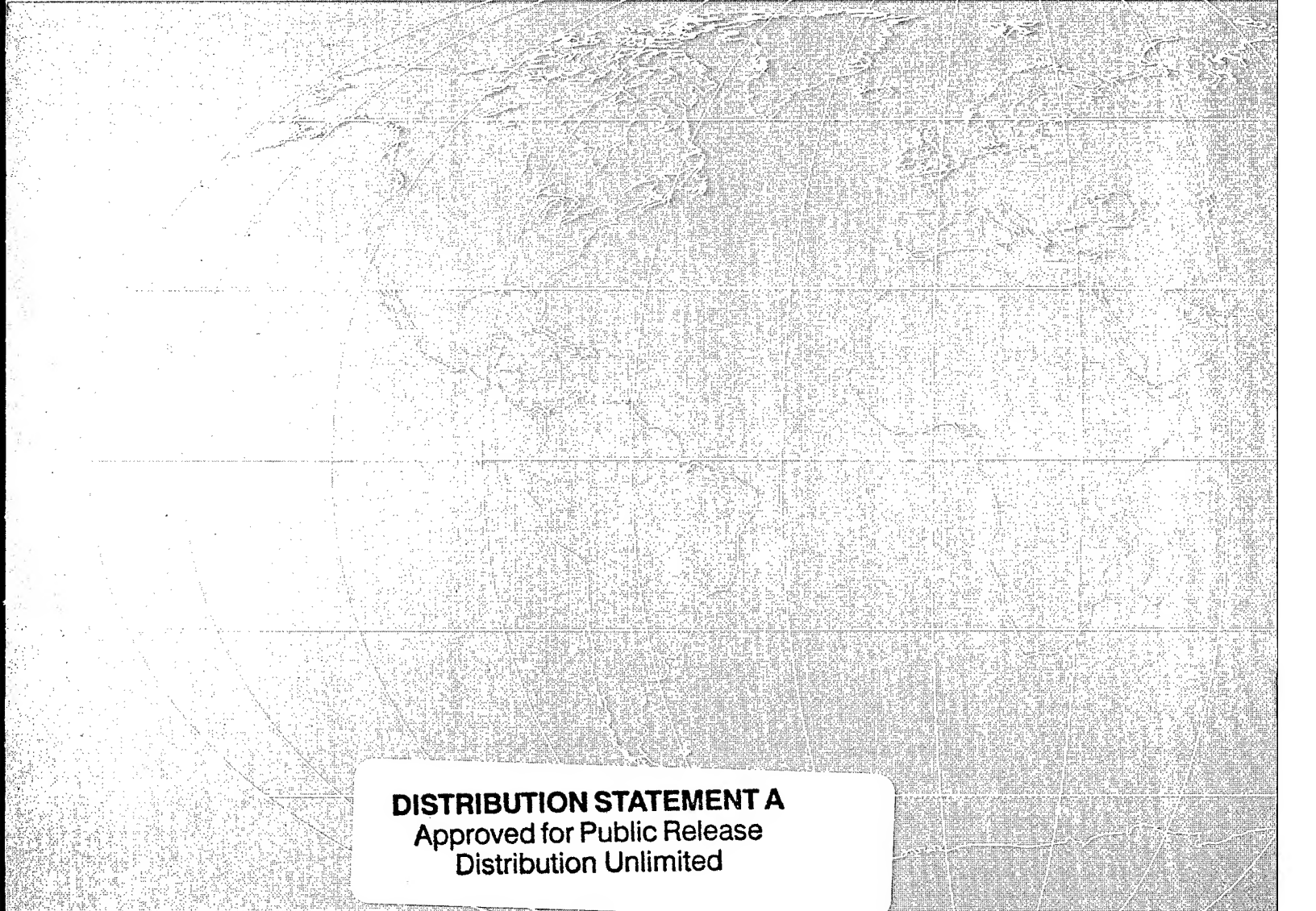


The Secretary of State



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Congressional Budget Justification for
FOREIGN OPERATIONS

Fiscal Year **2001**

Congressional Budget Justification for
FOREIGN OPERATIONS
FISCAL YEAR 2001



OFFICE OF THE SECRETARY OF STATE
RESOURCES, PLANS AND POLICY

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CONGRESSIONAL BUDGET JUSTIFICATION FOR FOREIGN OPERATIONS FISCAL YEAR 2001

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I. INTRODUCTION

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**STATEMENT BY THE SECRETARY OF STATE
MADELEINE K. ALBRIGHT**

Because of the vision of our predecessors, Republican and Democrat alike, our nation was able to enter the 21st Century strong and respected, prosperous and at peace. It is now our responsibility to secure these blessings for future generations of Americans. We cannot do that unless we lead. And we cannot lead without resources.

The President's Fiscal Year 2001 request for international affairs is \$22.75 billion. This will fund a broad array of programs and initiatives administered by four cabinet departments and numerous agencies. It includes everything from supporting peace in the Middle East to interdicting drugs; from curbing the spread of nuclear weapons to the Peace Corps; and from promoting U.S. exports to responding to humanitarian disasters.

The amount requested by the President is our best estimate of what we will absolutely need next year. But the truth is that the world is changing so rapidly that it is simply not possible to anticipate every need a year or more in advance, as the budget process requires.

Last year and this, we have had to come to Congress with significant supplemental appropriations requests. For example, to help our neighbors to the south after Hurricanes Georges and Mitch; to reverse ethnic cleansing in Kosovo; and to help implement the Wye Memorandum in support of Middle East peace.

This reflects the fact that the budgets we have had to work with have been very lean, with almost zero flexibility. Most Americans are astonished when I tell them that we devote a smaller percentage of our wealth to assisting overseas development than any other industrialized country. During the past decade, our rate of investment has declined by fifty percent; and over the past half century, by more than ninety.

I think we can and should do better. After all, ours is the wealthiest and most powerful nation in the world. And it is in our interests to be active and ahead of the curve in attempting to influence events. This is not only more effective; it often results in saving resources.

For example, there could be no more productive investment than dollars used successfully to prevent a war, or halt proliferation, or stop an act of terrorism, or head off a famine, or slow the spread of epidemic disease. Moreover, when we are on the scene visibly doing our part, it is much easier to persuade our partners in Europe, Asia, Africa, and elsewhere in the Americas to do their part, as well.

In today's interconnected world, the term "foreign aid" has become virtually obsolete. Our international programs aid America. Let me summarize why.

First, our programs help make Americans more secure.

The Cold War is over and our nation is strong, but our citizens continue to face grave dangers. These include terrorists, international criminals, regional conflicts and--perhaps most important--the spread of nuclear, chemical and biological weapons and missiles.

That is why our Expanded Threat Reduction Initiative is so important. Since its launch early last decade, it has destroyed almost 5,000 nuclear warheads in the former Soviet Union; eliminated nuclear weapons from three former Soviet Republics; and engaged 30,000 former Soviet weapons scientists in peaceful ventures. The President is requesting \$974 million for the initiative next year.

Today, when America's military is called upon to act, we often do so as part of a coalition. This underlines the value of our security assistance programs, which help friends and allies become more capable.

And it explains our support for international peacekeeping. After all, if we do not want our own armed forces deployed to more and more hot spots abroad, we should work to increase the capacity of others to end conflicts and build peace.

Another area where resources are required is in countering international terror. Through our training and assistance, we help friendly governments improve border security. We gather information to advise and warn Americans. We strive for cooperation that will leave terrorists with no place to run, hide, or conceal their assets. And we do all we can to see that suspected terrorists are apprehended and prosecuted.

But if Americans are to be secure, we must also fight and win the struggle against international crime.

Drug cartels and crime syndicates have expanded their operations since the end of the Cold War, in part by capitalizing on the same technological advances that have fueled legitimate international commerce.

Recognizing the seriousness of this threat, President Clinton has launched a comprehensive effort to integrate all facets of the federal response to international crime. The State Department is a key partner in this initiative.

We are working with other nations around the globe to strengthen legal codes; train police, prosecutors and judges; close criminal front companies; halt illegal smuggling and money laundering; negotiate extradition treaties; and bring criminals to justice.

We are also pursuing a comprehensive strategy to fight illegal trafficking in narcotics. This includes support for eradication, interdiction, alternative development, seizing drug assets and extraditing drug kingpins to the United States for trial.

These efforts are paying healthy dividends. Last year our programs helped prevent a potential 135 tons of cocaine--with a street value of more than \$23 billion--from reaching U.S. streets.

A second basic goal of our foreign policy is to support American prosperity.

To this end, we consult often with business, farm and labor leaders. We work hard, both here and abroad, to help Americans take advantage of commercial opportunities, to enforce contracts, and fight corruption.

Examples of our work include protecting e-commerce from discriminatory taxes; negotiating civil aviation agreements; and safeguarding intellectual property rights that are worth hundreds of billions of dollars.

Of course, many of America's fastest-growing markets are in developing countries where the transition to an open economic system is incomplete. Accordingly, we work through USAID, the multilateral development banks, the Peace Corps, and key international organizations to assist development, strengthen democratic institutions and broaden opportunity.

This year, President Clinton has highlighted initiatives to assist the most heavily indebted poor countries, support economic reform and progress in Africa, increase our contribution to the fight against killer diseases, including HIV/AIDS, and restore full funding to our support for international family planning.

A third major objective of our international affairs programs is peace.

And today, in the Middle East, we must operate with a steady hand as we strive to help the parties move towards a comprehensive settlement. We are reminded regularly just how hard this job is, and how deep the legacy of mistrust.

But never before has the logic of peace been so compelling or the opportunity for peace so clear. At this critical time, America's commitment to provide appropriate support to those who are willing to take risks for peace must remain rock solid.

In Africa, the most widely devastating conflict is in the Congo. The Lusaka Agreement provides a good basis for ending that war; and we have challenged the signatories to live up to their obligations under it. We are also asking Congress to support a carefully designed UN peace mission. Such a mission cannot impose a solution, but it can help give the parties the confidence they need to implement one. Nothing would do more for the region's future, or for our interest in a peaceful and self-reliant Africa.

In Southeast Europe, we are striving to foster stability and democracy throughout the region, and to build lasting peace in Kosovo. This will not happen without international support, and we are counting on our friends in Europe to provide the lion's share of muscle and money. But success will also require a clear demonstration of will by the region's leaders and people.

February's election in Croatia signifies a clear move by that nation away from excessive nationalism and towards true democratic values. This is the latest evidence that those who have given up on this region will be proven wrong.

The majority of people in Southeast Europe are far more interested in plugging into the world economy than in slugging it out with old adversaries. Obviously, huge obstacles remain in Kosovo, in Serbia, and elsewhere. But I am convinced that with sufficient resources, and the right leadership, Southeast Europe can indeed become a full partner and participant in the Euro-Atlantic Community.

A fourth purpose of our international affairs programs is to promote values that Americans cherish, including democracy.

A century ago, the number of national governments elected freely and with universal suffrage was zero. Now it is 120. But many new democracies are threatened by economic problems, crime, and ethnic strife. And there are some elected leaders whose commitment to democracy is only skin deep.

This reminds us that elections are but one ingredient in a truly democratic system. Needed, as well, are an open economy, a good legal system, political parties, independent labor organizations and a free press.

These institutions do not arise overnight. Building them takes time and knowledge.

I am proud of the help we are providing to nations in transition. And this year, we are determined to renew democratic momentum. We do this not out of altruism, but because democratic growth is part of the answer to many of the challenges--economic, political and military--that we face.

For example, we have an urgent and obvious stake in aiding Colombian President Pastrana's plan to rescue his country--and thereby help to rescue ours--from the scourge of cocaine.

Nigeria's future development will determine whether it is a source of chaos and corruption or a driving force for stability and progress throughout West Africa.

Indonesia has long been a leader in Southeast Asia. It now has a chance, although under severe stress, to become a model of multiethnic democracy, as well.

Aside from Russia, Ukraine is the largest and most influential of the New Independent States. The whole region will be affected by whether it slides backward, or continues up the democratic path.

The President's budget proposes significant investments in each of these four key democracies and in promoting democratic practices and values worldwide. Support for freedom is in the proudest of American traditions. I ask the help of Congress in getting a good start on what I hope will be known, with a small "d," as the democratic 21st Century.

The bill for all of these programs adds up to roughly one penny for every dollar the Federal Government spends.

But that single penny can spell the difference between hard times and good times for our people, war and peace for our country, less and more freedom for our world.

The annual budget debate in Washington typically revolves around issues that relate to the appropriate role of the federal--as opposed to state and local--governments in such areas as education and health care. But since the days of Thomas Jefferson, the protection of our national security has been one of the Federal Government's most basic tasks.

It is one of the few responsibilities that simply cannot be delegated or privatized. It is our responsibility, here in our nation's capital, to formulate plans for protecting American interests, and to come up with the resources to make those plans work.

In the year ahead, we have the chance to add another proud chapter in the history of American leadership, in search of peace, in defense of freedom, on behalf of prosperity, and in service to the American people. I have no doubt that if we are united in that quest we will succeed.

Madeline Albright

INTERNATIONAL AFFAIRS MISSION STATEMENT

The purpose of United States international leadership is to create a more secure, prosperous, and democratic world for the benefit of the American people. In an increasingly interdependent and rapidly changing world, international events affect every American. Successful U.S. leadership is essential for security at home, better jobs and a higher standard of living, a healthier environment, and safe travel and conduct of business abroad.

Under the direction of the President and the Secretary of State, the United States conducts relations with foreign governments, international organizations, and others to pursue U.S. national interests and promote American values. The international affairs goals of the United States are:

- National Security - Protect vital interests, secure peace, deter aggression, prevent and defuse crises, halt the proliferation of weapons of mass destruction, and advance arms control and disarmament.
- Economic Prosperity - Expand exports, open markets, maintain global growth and stability, and promote economic development.
- American Citizens and U.S. Borders - Protect American citizens abroad, manage the entry of visitors and immigrants, and safeguard the borders of the United States.
- Law Enforcement - Combat international terrorism, crime, and narcotics trafficking.
- Democracy and Human Rights - Support the establishment and consolidation of democracies and uphold human rights.
- Humanitarian Response - Provide humanitarian assistance to victims of crisis and disaster.
- Environment, Population, and Health - Improve the global environment, achieve a sustainable world population, and protect human health.

To advance the interests of the nation and the American people, the U.S. Government requires a strong international presence, highly qualified, motivated, and diverse people serving at home and abroad, extensive communication with publics both foreign and domestic, and the political, military, and economic means to carry out the nation's foreign policies.

FY 2001 INTERNATIONAL AFFAIRS REQUEST SUMMARY
(\$ in millions)

Budget Authority	FY 1999 Actual /1	FY 2000 Estimate /2	FY 2001 Request
INTERNATIONAL AFFAIRS	23,414.01	23,917.02	22,753.56
FOREIGN OPERATIONS	15,439.51	16,571.86	15,085.83
Export-Import Bank (net)	802.34	795.96	1,010.00
Overseas Private Investment Corporation (net)	(175.40)	(204.00)	(220.00)
Trade and Development Agency	43.98	43.83	54.00
Sustainable Development /3	1,925.00	1,934.71	2,141.00
Central American/Caribbean Emerg. Disaster Recovery Fund	613.50	-	-
International Disaster Assistance	388.00	202.01	220.00
USAID Credit Programs	8.45	8.49	8.00
USAID Operating Expenses	502.79	518.96	520.00
Inspector General (USAID)	28.62	24.95	27.00
Economic Support Fund (ESF)	2,542.83	2,342.19	2,313.00
Support for Eastern European Democracy (SEED)	550.00	532.97	610.00
Asst. for Indep. States/Former Soviet Union (FSA/NIS)	847.00	835.81	830.00
Peace Corps	242.73	244.07	275.00
Inter-American/African Foundations /3	[31.10]	[19.33]	36.00
International Narcotics and Crime	516.57	303.84	312.00
Assistance to Plan Colombia	-	-	256.00
Migration and Refugee Assistance	905.97	622.63	658.21
Emergency Refugee & Migration Assistance (ERMA)	195.00	12.45	20.00
Nonproliferation, Anti-Terrorism, Demining (NADR)	217.99	215.78	311.50
Treasury Technical Assistance/IFI Commission	2.98	1.50	7.00
Debt Restructuring	74.00	123.00	262.00
International Military Education & Training (IMET)	49.96	49.81	55.00
Foreign Military Financing (FMF)	3,350.15	3,413.99	3,538.20
Peacekeeping Operations (PKO)	76.50	152.42	134.00
Multilateral Development Banks	1,451.26	1,110.31	1,353.92
MDB Arrears	[513.95]	[104.00]	[167.11]
International Organizations & Programs (IO&P)	187.00	182.30	354.00
Special Defense Acquisition Fund	(7.85)	-	-
Assistance to Plan Colombia Supplemental	-	818.00	-
Balkans and Southeast Europe Supplemental /4	-	250.88	-
Debt Restructuring (HIPC) Supplemental	-	210.00	-
Wye & Egypt Supplemental	100.00	1,825.00	-
COMMERCE, JUSTICE, STATE	6,951.15	6,532.20	6,816.29
State Programs	3,466.81	2,903.50	3,198.33
Embassy Security, Construction, & Maintenance	1,081.06	739.36	1,079.18
Other State Programs	274.82	267.41	299.51
Contributions for International Peacekeeping Activities	219.45	498.10	738.67
Contributions to International Organizations	933.55	880.51	946.06
UN Arrears Payments	475.00	351.00	-
Related Appropriations (e.g., Asia Foundation, NED)	58.21	54.15	57.18
Balkans and Southeast Europe Supplemental /4	-	373.62	-
International Broadcasting	397.00	420.24	448.27
International Trade Commission & Other Programs	45.24	44.33	49.10
AGRICULTURE - P.L. 480 (Titles II & III)	1,011.20	800.00	837.00
LABOR, HHS - U.S. Institute of Peace	12.15	12.95	14.45

/1 - Includes \$19.7 billion enacted and \$3.7 billion in supplemental funding. Levels reflect rescission of funds necessitated by the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999. Also reflects increases for Y2K compliance and other legislatively mandated transfers between accounts.

/2 - Reflects \$72.2 million in across the board rescissions, \$1.825 billion in Wye/Egypt funding, and \$1.65 billion in supplemental appropriation requests for Balkans/Southeast Europe, Assistance to Plan Colombia, and Debt Restructuring.

/3 - In FY 1999 & 2000, funds for Inter-American/African Foundations and UNICEF (IO&P) appropriated and reflected in Sustainable Development.

/4 - The Balkans/Southeast Europe supplemental request (\$624.5 million) comprised of SEED (\$195M); USAID OE (\$22M); FMF (\$31M); IMET (\$2.875M); ESCM (\$239M); D&CP (\$24M); CIPA (\$107M); and ECE (\$3.622M).

FY 2001 International Affairs Request – Detail
(\$ in thousands)

Appropriations	FY 1999 Actual /1	FY 2000 Estimate /2	FY 2001 Request
INTERNATIONAL AFFAIRS	23,414,012	23,917,017	22,763,664
FOREIGN OPERATIONS (Including Wye)	15,439,508	16,571,860	15,085,828
Title I - Export and Investment Assistance	670,916	635,797	844,000
<u>Export-Import Bank (EXIM)</u>			
Export-Import Bank - Loan Subsidy	765,000	756,064	963,000
Export-Import Bank - Administrative Expenses	50,341	54,900	63,000
Export-Import Bank - Direct Loans, Negative Subsidies	(13,000)	(15,000)	(16,000)
Subtotal, Export-Import Bank	802,341	795,964	1,010,000
<u>Overseas Private Investment Corporation (OPIC)</u>			
Administrative Expenses for Credit & Insurance Programs	34,566	34,934	39,000
Net Offsetting Collections	(328,000)	(339,000)	(346,400)
Credit Funding - Direct & Guaranteed Loan Subsidies	50,000	23,842	24,000
Subtotal, Overseas Private Investment Corporation	(175,400)	(204,000)	(220,000)
Trade and Development Agency (TDA)	43,975	43,833	54,000
Title II - Bilateral Economic Assistance	9,611,565	8,373,358	8,806,712
<u>U.S. Agency for International Development</u>			
Sustainable Development	1,925,000	1,934,708	2,141,000
Child Survival & Diseases Fund /3	700,000	724,448 /4	659,250
Development Assistance (DA) /3	1,225,000	1,210,260 /4	948,822
Development Fund for Africa (DFA)	-	-	532,928
Development Credit Authority	[--]	[3,000]	[--]
Central American/Caribbean Emergency Disaster Recovery Fund	613,500	-	-
International Disaster Assistance	388,000	202,014	220,000
Micro and Small Enterprise Development - Subsidy	1,500	1,500	-
Micro and Small Enterprise Development - Admin. Exp.	500	500	-
Urban and Environmental Credit Program - Subsidy	1,500	1,500	-
Urban and Environmental Credit Program - Admin. Exp.	4,946	4,990	-
Development Credit Program Subsidy	-	-	[15,000]
Development Credit Program Administrative Expenses	-	-	8,000
USAID Operating Expenses	502,792	518,960	520,000
USAID Inspector General Operating Expenses	28,617	24,950	27,000
<u>Other Bilateral Economic Assistance</u>	3,989,831	4,160,969	3,753,000
Economic Support Fund (ESF) - w/ Fund for Ireland	2,592,831	2,792,187	2,313,000
Assistance for Eastern Europe and the Baltic States (SEED)	550,000	532,970	610,000
Asst. for the Independent States of the Former Soviet Union (FSA /NIS)	847,000	835,812	830,000
<u>Independent Agency</u>			
Peace Corps	242,729	244,069	275,000
Inter-American Foundation /3	[19,966]	[4,981]	20,000
African Development Foundation /3	[11,137]	[14,345]	16,000
<u>State Department</u>			
International Narcotics Control and Law Enforcement (INC)	516,570	303,841	312,000
Assistance to Plan Colombia	-	-	256,000
Migration and Refugee Assistance (MRA)	905,970	622,625	658,212
U.S. Emergency Refugee and Migration Assistance Fund (ERMA)	195,000	12,452	20,000
Nonproliferation, Anti-Terrorism, Demining & Related Prog. (NADR)	217,990	215,780	311,500
<u>Department of the Treasury</u>			
Treasury Technical Assistance	2,983	1,500	7,000
Debt Restructuring	74,000	123,000	262,000
Title III - Military Assistance	3,518,763	4,991,222	3,727,200
International Military Education & Training (IMET)	49,959	49,810	55,000
Foreign Military Financing (FMF)	3,400,150	4,788,994	3,538,200
Peacekeeping Operations (PKO)	76,500	152,418	134,000
Special Defense Acquisition Fund (SDAF)	(7,846)	-	-

FY 2001 International Affairs Request – Detail
(\$ in thousands)

Appropriations	FY 1999 Actual /1	FY 2000 Estimate /2	FY 2001 Request
Title IV - Multilateral Economic Assistance	1,638,264	1,292,608	1,707,916
<u>International Financial Institutions</u>	1,451,264	1,110,308	1,353,916
Global Environment Facility (GEF)	167,500	35,800	175,567
International Development Association	800,000	771,290	835,570
Multilateral Investment Guarantee Agency (MIGA)	-	4,000	16,000
Inter-American Development Bank (IADB) - Ordinary Capital	25,611	25,611	-
Inter-American Development Bank - Fund for Special Operations	21,152	-	-
Asian Development Bank	13,222	13,728	-
Asian Development Fund	210,000	77,000	125,000
African Development Fund	128,000	127,000	100,000
African Development Bank	-	4,100	6,100
European Bank for Reconstruction & Development (EBRD)	35,779	35,779	35,779
IADB - Multilateral Investment Fund	50,000	-	25,900
Inter-American Investment Corporation	-	16,000	34,000
MDB Arrears	[513,952]	[104,000]	[167,107]
International Organizations & Programs (IO&P) /3	187,000	182,300	354,000
SUPPLEMENTAL & ADVANCE APPROPRIATIONS	-	1,278,875	-
Assistance to Plan Colombia	-	818,000	-
Balkans and Southeast Europe /5	-	250,875	-
Debt Restructuring (HIPC)	-	210,000	-
WYE & EGYPT SUPPLEMENTAL			
Total, Wye & Egypt Supplemental	[100,000]	[1,825,000]	-
Economic Support Fund (ESF)	[50,000]	[450,000]	-
Foreign Military Financing (FMF)	[50,000]	[1,375,000]	-
COMMERCE, JUSTICE, STATE	6,951,152	6,532,206	6,816,286
DEPARTMENT OF STATE	6,608,912	6,067,643	6,318,914
ADMINISTRATION OF FOREIGN AFFAIRS	4,822,698	3,910,267	4,577,013
State Programs:	3,466,813	2,903,495	3,198,325
Diplomatic & Consular Programs (D&CP)	1,661,572	2,569,825	2,691,325
D&CP Worldwide Security Upgrades	785,700	254,000	410,000
Salaries & Expenses (S&E)	354,187	-	-
Capital Investment Fund (CIF)	158,571	79,670	97,000
Technology Fund	11,562	-	-
Arms Control & Disarmament Agency	41,460	-	-
International Information Programs (IIP)	453,761	-	-
Embassy Security, Construction, and Maintenance:	1,081,061	739,358	1,079,178
Embassy Security, Construction, and Maintenance	454,061	425,741	431,561
Worldwide Security Upgrades	627,000	313,617	647,617
Other State Programs:	274,824	267,414	299,510
Educational & Cultural Exchange Programs	200,500	204,155	225,000
Representation Allowances	4,350	5,826	5,973
Protection of Foreign Missions and Officials	8,100	8,067	10,490
Emergencies in the Diplomatic and Consular Service	17,479	5,477	11,000
Payment to the American Institute in Taiwan	14,730	15,312	16,345
State Office of the Inspector General	28,465	27,382	29,502
Repatriation Loans Program Account	1,200	1,195	1,200
F.S. Retirement and Disability Fund	[132,500]	[128,541]	[131,224]
INTERNATIONAL ORGANIZATIONS:	1,628,000	1,729,605	1,684,726
Contributions for International Peacekeeping Activities (CIPA)	219,450	498,100	738,666
Contributions to International Organizations (CIO)	933,550	880,505	946,060
UN Arrearage Payments (CIO/CIPA)	475,000	351,000	-

FY 2001 International Affairs Request – Detail
(\$ in thousands)

Appropriations	FY 1999 Actual /1	FY 2000 Estimate /2	FY 2001 Request
INTERNATIONAL COMMISSIONS (non-Function 150)	[45,742]	[46,580]	[62,172]
RELATED APPROPRIATIONS:			
The Asia Foundation	58,214	54,149	57,175
East-West Center	8,250	8,216	10,000
North-South Center	12,500	12,449	12,500
National Endowment for Democracy (NED)	1,750	1,743	1,750
Commission on International Religious Freedom	31,000	30,872	32,000
Eisenhower/Israeli-Arab Exchange Programs	3,000	-	-
National Commission on Terrorism	875	869	925
	839	-	-
SUPPLEMENTAL APPROPRIATIONS	-	373,622	-
Balkans and Southeast Europe /5	-	373,622	-
BROADCASTING BOARD OF GOVERNORS (BBG)	397,000	420,235	448,272
International Broadcasting Operations	361,660	387,766	405,056
Broadcasting to Cuba	22,095	22,011	23,456
Broadcasting Capital Improvements	13,245	10,458	19,760
OTHER PROGRAMS	45,240	44,328	49,100
Foreign Claims Settlement Commission			
Holocaust Assets Commission	[1,227]	[1,171]	[1,214]
International Trade Commission	813	[1,158] /7	-
	44,427	44,328	49,100
AGRICULTURE & RELATED AGENCIES	1,011,200	800,000	837,000
P.L. 480 Title II	986,200	800,000	837,000
P.L. 480 Title III	25,000	-	-
LABOR, HHS, EDUCATION	12,152	12,951	14,450
U.S. Institute of Peace	12,152	12,951	14,450

/1 – Includes \$19.7 billion enacted and \$3.7 billion in supplemental funding. Levels reflect rescission of funds necessitated by the Emergency Steel Loan Guarantee and Emergency Oil and Gas Guaranteed Loan Act of 1999. Levels also reflect transfers in for Y2K compliance and other legislatively mandated transfers between accounts.

/2 – The FY 2000 estimate includes funding for Wye totaling \$1.8 billion in both ESF (\$450 million) and FMF (\$1.35 billion). Of that amount, \$1.2 billion in FMF is for Israel; \$400 million in ESF is for the West Bank/Gaza; and \$150 million in FMF and \$50 million in ESF is for Jordan. It also includes \$25 million in FMF for Egypt. The bill also appropriated \$10 million for the U.S. Community Adjustment Investment Program requested in Treasury's budget (not reflected in table). Levels reflect \$72.2 million in rescissions. Amounts rounded to the nearest thousand dollars; errors due to rounding. Also includes \$1.65 billion in supplemental appropriations requests for the Balkans/Southeast Europe, Debt Restructuring (HIPC), and Assistance to Plan Colombia.

/3 – For FY 1999 and 2000, funding for the Inter-American/African Foundations (bracketed) and UNICEF (requested in IO&P account) is appropriated and reflected in Development Assistance and Child Survival, respectively. Of the \$11.137 million bracketed for the African Development foundation, \$137,000 for Y2K compliance is additive.

/4 – Reflects transfer of \$12.5 million from Development Assistance to Child Survival and Diseases pursuant to the waiver authority of section 599D(c)(2)(A) of the FY 2000 Foreign Operations, Export Financing, and Related Programs Appropriations Act (P.L. 106-113).

/5 – Balkans/Southeast Europe supplemental request (\$624.5 million) comprised of SEED (\$195M); USAID OE (\$22M); FMF (\$31M); IMET (\$2.875M); ESCM (\$239 M); D&CP (\$24M); CIPA (\$107M); and ECE (\$3.622M).

/6 – Reflects transfer of \$11.55 million from CIPA to CIO pursuant to section 402 of the Department of State and Related Agencies Appropriations Act, 1999, as enacted P.L. 105-277.

/7 – Appropriated and reflected in D&CP.

II. REQUEST BY APPROPRIATION ACCOUNT

Export and Investment Assistance
Bilateral Economic Assistance
Military Assistance
Multilateral Economic Assistance
FY 2000 Supplemental and Advance Appropriations

EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States
Overseas Private Investment Corporation
Trade and Development Agency

EXPORT-IMPORT BANK OF THE UNITED STATES
(\$ in thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Loan Subsidy	765,000	756,064	963,000
Administrative Expenses	50,341	54,900	63,000
Negative Subsidy	(13,000)	(15,000)	(16,000)
Subtotal: Export-Import Bank	802,341	795,964	1,010,000

National Interests:

The Export-Import Bank of the United States is chartered by Congress by the Export-Import Bank Act of 1945, as amended. The mission of the Bank is to sustain and increase jobs in the United States by financing the exports of U.S. goods and services that would otherwise not go forward. The Bank's authority and resources allow U.S. exporters, large and small, to meet foreign officially sponsored export credit competition, assume commercial and political risks that U.S. exporters or private sector institutions are unable to undertake, overcome limitations in private sector export financing, and provide leadership and guidance in export financing to the U.S. exporting and banking communities and to foreign buyers. The Bank does not allocate its resources to any one region but reacts to demand from the market. Bank programs are available to exporters regardless of the size of the exporter or the size of the transaction. In FY 1999, the Bank supported \$16.7 billion in exports to the fastest growing markets in the world.

Objectives and Justification:

The direct credit program addresses the inability of the private sector to offer financing for U.S. exports on terms sufficiently competitive to enable a sale to go forward when compared to financing offered by foreign official export credit agencies to their exporters. By addressing this problem, the U.S. Government attempts to ensure that U.S. exporters do not suffer widespread losses of export sales as a result of subsidized financing offers by other governments to their exporters.

The decision to operate a subsidized U.S. Government supported direct credit program is based on a belief that the long-run benefits to the U.S. economy resulting from U.S. manufacturers being competitive from a financing standpoint with their foreign counterparts outweigh the costs of offering credits to finance such exports. That is, the economic benefit of a direct loan program arises from using the program's resources to neutralize the effect of export credit subsidies offered by other governments. If Ex-Im targets its resources to those export transactions which face such foreign credit competition, the Bank permits foreign buyers' purchase decisions to be based on market

factors (price, technology, service) as opposed to a non-market factor (the availability of subsidized credit from a foreign government). To the extent that Ex-Im activities allow market forces to determine purchase decisions, Ex-Im helps to maintain the optimal level of U.S. productivity by ensuring that U.S. capital goods industries operate at market-determined (not foreign government determined) output levels.

The Bank increases private financial participation in U.S. export sales by guaranteeing or insuring banks and exporters against certain commercial and political risks of non payment involved in export transactions. Since financing is a critical element in many export sales, the guarantee and insurance programs help exporters increase their export sales through increased availability of financing from private capital markets.

The exporter insurance program encourages additional exports by overcoming financing and risk perception constraints by efficiently providing risk protection for those exports requiring short-term (up to 180 days) and medium-term (up to five years) credit terms and for which private sector credit insurance is not available.

For FY 2001, it is estimated that direct loan authorizations will be \$890 million with a program usage of \$46 million and guarantee and insurance authorizations will be \$15.04 billion with an estimated program usage of \$1.007 billion. Net of cancellations of prior year obligations of \$90 million, Ex-Im Bank's program request is \$963 million. This is an increase of \$206.9 million over the FY 2000 program level.

The requested increase of \$206.9 million in the appropriation for the cost of providing loan, guarantee and insurance commitments is based on estimates by the Bank and by exporters of the potential demand on our resources. Since the middle of FY 1997, the Bank has seen an overall increase in demand for Ex-Im assistance. In addition, exporters are now marketing their exports in higher risk markets, causing more credit subsidy to be used. The increase is also necessary because dollar for dollar, Ex-Im's program budget for FY 2001 will not support as many exports as in FY 2000. This is due to increases in the OMB determined risk premia, effective in FY 2001, which resulted from the economic downturn in international markets over the past two years. The average increase in risk premia will be 25%, with increases at specific risk levels as high as 85%. Consequently, the FY 2001 request level of \$963 million is equivalent to only \$646 million in FY 2000 funding.

Included in the FY 2001 request is \$15 million to promote the use of clean energy overseas. The \$15 million will assist in the financing of clean energy exports, especially renewable energy exports.

Funding at the requested administrative expense level of \$63 million will enable the Bank to provide necessary services to the exporting community on a timely basis, increase debt collection efforts, process claim payments expediently and attempt recoveries of those payments to the fullest extent possible, provide a thorough portfolio and risk

Export and Investment Assistance

analysis on a regular basis, reach new exporters and expand small business awareness of their export potential.

Full funding of administrative expenses is essential if the Bank is to fulfill its Congressional mandate to preserve jobs here in the United States by helping exporters compete in an increasingly competitive world market place. Decreased processing time, increased debt collection efforts, the expeditious processing of claim payments, better portfolio and risk analysis, and the reaching of new exporters are all dependent on sufficient personnel, personnel training, and the upgrading of equipment.

OVERSEAS PRIVATE INVESTMENT CORPORATION
(\$ in thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Administrative Expenses	34,566	34,934	39,000
Net Offsetting Collections	(328,000)	(339,000)	(346,400)
Credit Funding	50,000	23,842	24,000
Subtotal: OPIC	(175,400)	(204,000)	(220,000)

National Interest:

On December 9, 1999, President Clinton signed into law OPIC's historic four-year reauthorization (P.L. 106-158). OPIC's reauthorization affirms OPIC's record of prudent financial management and OPIC's contributions to American economic and foreign policy goals. Reauthorization ensures OPIC's continued contribution to the foreign policy goals of promoting broad-based economic growth in developing and transitional economies, increasing global economic growth, and opening foreign markets to the free flow of goods, services, and capital. Additionally, OPIC's reauthorization contributes to the goal of expanding U.S. exports. OPIC-supported projects positively affect both U.S. exports and U.S. employment, not only by providing opportunities for the parent companies of the projects, but for their various subcontractors and equipment suppliers as well.

OPIC achieves these national interest goals while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC's net negative budget authority makes resources available for other international programs: \$175 million in FY 1999 rising to an estimated \$220 million in FY 2001. The Administration is requesting the authority for OPIC to spend, from user fees and its own income, \$39 million for administrative expenses and \$24 million for credit funding in FY 2001.

In achieving its mission to mobilize and facilitate the participation of United States private capital in the economic development of developing countries, OPIC places special emphasis on countries and regions that have been identified as Administration and Congressional foreign policy priorities. For example, in FY 1999, in response to Congressional direction to be more active in the Caspian region, OPIC opened a temporary joint presence with the U.S. Export-Import Bank and the Trade and Development Agency in the area. In that same year, OPIC was also asked to play a role in the rebuilding of the countries devastated by the effects of Hurricane Mitch. Toward this end, OPIC received \$1 million in supplemental funding to enable it to assist with the long-term rebuilding of the economies of Central America and the Caribbean.

Also in FY 1999, in a continuing effort to support the Clinton Administration's commitment to the Middle East Peace Process, OPIC has been actively developing and promoting investment opportunities in the region. This has resulted in a commitment to

Export and Investment Assistance

the Aqaba project, the first privatization in Jordan and for a hotel project in Lebanon. On the insurance side, OPIC provided coverage for a power plant in Gaza. After the end of hostilities in Kosovo, OPIC responded to bipartisan interest in supporting free market oriented growth in Southeast Europe by taking the first steps toward developing an OPIC-supported investment fund for the area. Regardless of the location, by supporting projects that contribute to host country development and stability, OPIC is advancing the important U.S. foreign policy goals of promoting broad-based economic growth in developing and transitional economies and increasing global economic growth.

OPIC also contributes to the Administration's international affairs goals of increasing foreign government adherence to democratic practices and respect for human rights, and securing a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation. OPIC only supports projects in countries that the Administration has approved on human rights grounds. OPIC also assures that the projects it supports incorporate protections for worker rights and sound environmental practices. For example, in April of FY 1999 OPIC issued the final version of its new Environmental Handbook. OPIC's state-of-the-art Environmental Handbook incorporates policies and procedures used by the most progressive international lending institutions into its environmental assessment and monitoring policies. The Environmental Handbook contains categorical screening criteria for projects based on their degree of impact on the environment. The handbook provides industry, NGOs and other stakeholders with a user-friendly articulation of OPIC's environmental policies.

Objectives and Justification:

OPIC is a self-sustaining agency that sells investment services to small, medium and large American businesses expanding into some 140 developing nations and emerging markets around the world. OPIC's political risk insurance, project finance and investment funds fill a commercial void, create a level playing field for U.S. businesses and support development in emerging economies. Since 1971, OPIC has supported nearly \$130 billion worth of investments that will generate over \$61 billion in U.S. exports and create or support more than 242,000 American jobs.

OPIC's objectives are reflected in a FY 2001 budget request that focuses on maintaining strong portfolio management, increasing OPIC's relevancy to U.S. foreign policy and economic interests in today's global economy, and enhancing the performance of OPIC's operations. Although OPIC consistently earns in excess of \$100 million in net income per year (and often far more than that), in recent years administrative budget levels have been constrained in comparison to the growth of portfolio exposure and active projects needing monitoring. Consequently, staff is spread thin. Additionally, OPIC's technology systems have not kept pace with industry standards or with our portfolio management needs, and administrative expenses dollars need to be focused on this area.

Export and Investment Assistance

For FY 2001, OPIC requests the authority to spend \$39 million of its revenues for administrative expenses. The \$39 million level, in addition to supporting OPIC's core business and financial management requirements, includes \$1.5 million that will be used to fund much needed technology modernization. An integrated agency-wide technology system is necessary to keep abreast with current risk management standards and our clients' and lending partners' requirements that, as their partners in complex transactions, OPIC utilize the most efficient and effective data management practices. Also within the \$39 million administrative expenses level, \$1.2 million will be applied to enhancing OPIC's environmental and worker rights monitoring activities. In FY 2001, OPIC is also requesting \$24 million for credit funding that will support \$1.2 billion in direct and guaranteed loans. This is the same level as authorized for FY 2000.

The FY 2001 request is for a limitation on amounts to be transferred from OPIC's revolving fund rather than for a direct appropriation. OPIC will source its credit funding, administrative expenses, and technology expenses from its revolving fund, consistent with past practice and OPIC's statutory authority to operate as a self-sustaining government corporation and to use its own earnings to fund its programs.

TRADE AND DEVELOPMENT AGENCY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
TDA	43,975	43,833	54,000

National Interests:

The Trade and Development Agency's overarching goal is to expand exports, thereby creating manufacturing jobs for Americans and contributing to the nation's economic prosperity. While this goal is TDA's primary focus, the agency often makes its funding decisions in the context of the broader foreign policy objectives of the United States. Examples of strategic goals that are considered as they relate to the overall goal of promoting exports include increasing global growth and stability, promoting broad-based economic development, securing a sustainable global environment, and protecting human health.

Objectives and Justification:

Key goals and objectives of TDA are:

- Fight foreign competition and position U.S. companies in overseas projects
- Complement U.S. foreign policy initiatives in critical countries
- Increase host country access to U.S. expertise
- Inform U.S. firms, particularly small and medium-sized enterprises, of major export opportunities in foreign projects

TDA assists in the creation of jobs for Americans by helping U.S. companies pursue overseas business opportunities. Through the funding of feasibility studies, orientation visits, specialized training grants, project-specific conferences and various forms of technical assistance, TDA helps American businesses compete for infrastructure and industrial projects in emerging markets. The proposed FY 2001 budget will allow TDA to:

- **Strengthen its core regional budgets** - Unfortunately, TDA's program budget has shown a slight decline since FY 1993 when adjusted for inflation. Because mandatory increases in operating expenses (i.e., cost-of-living adjustments) consume a growing proportion of the already stagnant overall budget levels, fewer resources are available for TDA's core regional program. As a result, approximately \$5 million of the requested increase will be used to provide the regional budgets a much-needed infusion of resources. TDA was only able to devote an unprecedented \$10 million to its Africa/Middle East program in FY 1999 due to slowing in the Asian and Latin American economies. Now that

the global economy is on better footing, it will be increasingly difficult for TDA to meet anticipated demand in all regions if the program budget is not increased.

- **Fight Foreign Subsidized Competition** - Another reason the regional budgets are in dire need of strengthening are the unparalleled levels of subsidized foreign competition that U.S. businesses are facing in the infrastructure market abroad. An analysis of competitor nation spending on programs similar to TDA's shows how daunting their mission is. Countries such as France and Germany spend more than thirty times the amount TDA spends in relation to GDP in support of their companies. Japan spends literally hundreds of millions of dollars through various MDB trust funds. To counter this competition, TDA must be able to offer more feasibility study and technical assistance grants, in higher amounts if necessary.
- **Support its on-going High Tech Initiative** - Experience shows that decisions to go "high tech" are tantamount to decisions to go American. In this regard, TDA has identified two new sectors with high export potential - banking and financial information technology systems and emergency management systems. TDA has several events focusing on these two sectors planned for FYs 2000 and 2001, and anticipates growing feasibility study demand in these areas.
- **Participate in the International Clean Energy Initiative** - TDA will use \$5 million of their requested increase to help energy sector project sponsors prepare bankable presentations through project planning and preparation activities to promote the implementation of commercially-viable energy efficient projects. TDA's primary tool in this effort will be the funding of feasibility studies and technical assistance.

**BILATERAL ECONOMIC ASSISTANCE:
U.S. AGENCY FOR
INTERNATIONAL DEVELOPMENT
(USAID)**

Sustainable Development Program Overview
Child Survival and Diseases Fund
Development Assistance
Development Fund for Africa
International Disaster Assistance
USAID Credit Programs
USAID Operating Expenses
USAID Office of the Inspector General

SUSTAINABLE DEVELOPMENT PROGRAM OVERVIEW
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Development Assistance Fund	1,225,000	1,210,260	948,822
Child Survival & Diseases Fund	700,000	724,448	659,250
Development Fund for Africa	--	--	532,928
Subtotal: Sustainable			
Development Programs	1,925,000	1,934,708	2,141,000
International Disaster Assistance	388,000	202,014	220,000
Credit Programs	8,446	8,490	--
Development Credit Authority	--	[3,000]	--
Development Credit Programs:			
-- subsidy transfer	--	--	[15,000]
-- administrative costs	--	--	8,000
USAID Operating Expenses	502,792	518,960	520,000
IG Operation Expenses	28,617	24,950	27,000
Central America/Caribbean			
Emergency Disaster Recovery	613,500	--	--
Total ¹	3,466,355	2,689,122	2,916,000

National Interests:

The United States Agency for International Development (USAID) manages programs that are an integral part of U.S. foreign policy goals, particularly in the areas of fostering economic growth and promoting sustainable development; supporting the establishment and consolidation of democracies and upholding human rights; providing humanitarian assistance to victims of crisis and disaster; and improving the global environment, stabilizing world population growth, and protecting human health.

Objectives and Justification:

The USAID Strategic Framework has established goals in six areas:

- Broad-based economic growth and agricultural development encouraged;
- Human capacity built through education and training;

¹ FY 2000 levels reflect across-the-board rescissions as well as the transfer of \$12.5 million from the Development Assistance (DA) account to the Child Survival and Diseases (CSD) account pursuant to the waiver authority of section 509D(2)(A) of the FY 2000 Foreign Operations, Export Financing, and Related Programs Appropriation Act (P.L. 106-113). The FY 1999 and 2000 CSD levels include transfers to UNICEF (\$105 million and \$110 million, respectively). Finally, FY 1999 and 2000 DA levels reflect funding for the Inter-American Foundation and the African Development Foundation.

Bilateral Economic Assistance: USAID

- Democracy and good governance strengthened;
- World population stabilized and human health protected in a sustainable fashion;
- The world's environment protected for long-term sustainability;
- Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established; and,
- Maintaining USAID as the premier bilateral development agency.

The requested accounts address these social and economic goals in an interrelated fashion, and individual country programs are tailored to focus on the strategies best suited to meeting one or more of these goals -- goals which directly relate to the International Affairs Strategic Plan prepared under the leadership of the Department of State.

Activities are designed to promote sustainable development in some of the poorest countries in the world, in nations representing the world's last underdeveloped markets. The modest and well targeted investments made today will help prevent crises that turn into wars and create markets that would be open to U.S. exports.

USAID is making tangible progress toward achieving these goals by concentrating resources on a few pivotal and mutually-reinforcing issues. The primary approaches to meeting these goals are:

Broad-based economic growth programs (\$445 million) focus on strengthening markets and expanding access and opportunity for the poor. Different approaches will be used to reflect regional variations in development. Activities include programs to increase agricultural production, especially for small farmers, many of whom are women. Other activities involve strengthening critical markets outside agriculture (e.g. finance, industry, internal and external trade, labor), and undertaking programs such as microenterprise that enhance access and economic opportunity for the poor. The DA/DFA level for microenterprise is \$58 million as part of an overall target level of at least \$135 million from all grant accounts (including ESF, SEED and FSA).

Human capacity development activities (\$146 million) provide access to quality basic education, (\$98 million) especially for girls and women and assist institutions of higher education in their role as agents of development. Investments in basic education follow several approaches ranging from development of policies and institutions which promote increased universal access to primary education to greater opportunities for under-served populations, rural populations, and other disadvantaged children. As complements to formal school systems, cost-effective adult literacy and early childhood development programs will also be improved.

Building democracies (\$167 million) is addressed through a four-pronged strategy: strengthening the rule of law and respect for human rights; encouraging more genuine and competitive political processes; promoting development of politically active civil societies; and encouraging more transparent and accountable government institutions. Activities support programs that strengthen democratic institutions and practices, foster a vibrant civic society, and encourage pluralism, inclusion, and peaceful conflict resolution.

Stabilizing population growth (\$484 million) and protecting human health (\$569 million) is USAID's fourth goal area. Population activities are aimed toward sustainable reductions in unintended pregnancies, maternal and child mortality rates, and in sexually transmitted diseases, including HIV/AIDS. For FY 2001, the Administration is requesting an increase in population funding of \$141 million over the FY 2000 DA level and a total funding level of \$542 million from all grant funded accounts. Programs for family planning expand service availability and use in a number of countries. Child survival programs target the principal cause of death, including preventable diseases, diarrhea, malnutrition, acute respiratory infections, and malaria, as well as polio immunization. USAID programs are giving increased attention to improving the sustainability of public and private sector services by working with host countries to strengthen essential systems that deliver family planning and health services. USAID programs include a more aggressive effort to eliminate Vitamin A deficiency and will also expand on current efforts to fight infectious diseases that have a significant public health impact. For FY 2001 the request for HIV/AIDS funding is \$244 million. Funding from all sources for HIV/AIDS in FY 2001 is \$254 million compared to a comparable FY 2000 level of \$200 million.

Sustained management of the environment (\$333 million) is promoted through reducing global climate change (GCC), conserving biological diversity, promoting sustainable urbanization including pollution management, increasing provision of environmentally sound energy services, and improving natural resource management. The Agency has developed a GCC strategy which is being implemented through a five-year, \$750 million plan, which concentrates on key countries (excludes \$250 million credit program). For FY 2001 USAID plans \$150 million for GCC of which \$109 million will be from the DA/DFA accounts. Biological diversity efforts concentrate on guaranteeing community land tenure rights and improving management of key protected areas such as the Parks in Peril program in Latin America. Sustainable urbanization programs will continue to address such problems as lack of access to basic water and sanitation services and affordable housing. Programs for sustainable natural resource management focus on four resources that provide the greatest benefits to the largest number of people – forests, water, agricultural lands, and coastal zones.

The increase over the FY 2000 environmental levels is due to two initiatives: Clean energy and Tropical Forestry/Biodiversity. In clean energy, USAID will partner with the departments of Energy and Commerce to promote the expansion of clean energy technology in developing countries. The USAID portion of the \$100 million program will be \$30 million and will also include a nuclear safety component.

For the Tropical Forestry/Biodiversity initiative USAID will expand its existing programs by \$33 million to a total of \$100 million and focus on collaborating with non-governmental organizations (NGOs) and private sector companies to increase areas under sustainable management to conserve important tropical forests and biodiversity.

Lives are saved, suffering reduced and development potential reinforced through humanitarian assistance. (\$220 million). (This does not include the \$837 million

Bilateral Economic Assistance: USAID

requested for P.L. 480 Title II which is appropriated to the Department of Agriculture but administered by USAID). The United States has a long tradition in aiding the victims of man-made and natural disasters. An integrated approach to humanitarian assistance -- emergency relief, prevention and transition -- reduces suffering and the need for future aid. In using this cross-cutting approach, the Agency is attempting to capture the synergism created through the strategic planning process at the country level by combining central and regional bureau resources and programs to save lives, alleviate suffering and support economic and political transitions.

The United States' ability to respond rapidly to emergencies is already known worldwide. According to the "World Disasters Report 1999," an annual survey of humanitarian trends, last year's season of natural disasters was the worst on record affecting approximately 315 million people, while complex emergencies affected at least 103 million people. The Office of Foreign Disaster Assistance (OFDA) in 1998 reported 65 natural disasters compared to 27 the previous year and the number of affected persons requiring OFDA's emergency assistance in health, shelter, water, and sanitation rose from 40.6 million people in 1997 to 140.8 million in 1998. For countries emerging from crises, transition assistance includes programs to reinforce local security and demining, strengthen local governance and the institutions that promote peaceful conflict resolution, reconciliation, and the restoration of social and physical infrastructure.

USAID carries out the above objectives through programs of grant assistance under the Development Assistance program, the Development Fund for Africa, and the Child Survival and Disease Program Fund, and through selected use of USAID's credit program to leverage private sector funds in support of sustainable development. The humanitarian assistance objective is carried out using International Disaster Assistance funds. The cost of managing USAID programs is funded through Operating Expenses for the Agency and its Inspector General.

The success of these programs, and their continued implementation, is supported by USAID's unique advantage of having highly qualified technical and management staff, many of whom are in the field and have the ability to work in a closely coordinated effort with both host country officials and citizens as well as other donors.

In addition to the above accounts, USAID also manages programs under other accounts jointly administered with the State Department -- the Economic Support Fund (ESF), Support for Eastern European Democracy (SEED), The Freedom Support Act (FSA) -- as well as PL 480 Title II formally requested as part of the U.S. Department of Agriculture budget. These accounts address many of the same objectives and strategies noted above. All of these programs are more thoroughly discussed in the USAID Congressional Presentation.

CHILD SURVIVAL AND DISEASES PROGRAM FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD ¹	700,000	724,448	659,250

National Interests:

The USAID Child Survival and Diseases Program Fund supports the U.S. foreign assistance objectives of economic development (in terms of human capacity development) and protecting human health and reducing the spread of infectious diseases. Programs covered under this account are important forerunners of efforts to support economic growth and stability.

Objectives and Justification:

The FY 2001 request for the Child Survival and Diseases Program Fund (CSD) is \$659.25 million. These funds will support programs that address the basic human needs of the poor majority in developing countries. More than four million infant and child deaths are prevented each year through the critical health services provided by these funds.

Within this request, \$561 million is for child survival, infectious diseases, and other health activities, of which, \$244 million is for HIV/AIDS – an increase of \$69 million over the FY 2000 level, not including funding from non-CSD accounts. An additional \$98 million is for children's basic education.

These funds will support efforts to improve infant and child health nutrition, reduce infant mortality, lower HIV transmission and the impact of devastating disease, mitigate the threat of infectious diseases of major public health importance, and increase literacy, numeracy, and problem solving skills – especially among girls. Investments in children's basic education contribute to increases in productivity, improved health and stable population growth, and increased income.

¹ The levels shown for the Child Survival and Diseases Fund account include funding for UNICEF in FY 1999 (\$105 million) and FY 2000 (\$110 million). FY 2000 levels also reflect the across-the-board rescission and the transfer of \$12.5 million from the Development Assistance account to the CSD account pursuant to the waiver authority of Section 559D(c)(2)(A) of the FY 2000 Foreign Operations, Export Financing, and Related Programs Appropriations Act (P.L. 106-113).

DEVELOPMENT ASSISTANCE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA ¹	1,225,000	1,210,260	948,822

National Interests:

The Development Assistance account, in conjunction with other USAID-managed program accounts, serves to promote and sustain several U.S. policy objectives: broad-based economic growth, democracy and human rights, strengthening the environment, humanitarian assistance and sustainable population growth. The request for a separate Development Fund for Africa account (DFA) promotes the same objectives and is described in a later section.

Objectives and Justification:

The FY 2001 request for Development Assistance (DA) is \$948.8 million, including funding for two new initiatives – Clean Energy (\$30 million) and Tropical Forests/Biodiversity (\$33 million) part of which is also included within the separate DFA request. This DA request includes \$234 million for programs that promote economic and agricultural growth, \$92 million to support democratic participation, \$12 million for human capacity development (this does not include the \$98 million for basic education that is included within the Child Survival and Diseases Fund account), \$225.7 million for the environment, and \$385 million for population programs and protecting human health.

The request for Economic Growth funding will expand and strengthen private markets, encourage more rapid and enhanced agricultural development for food security, and provide access to economic opportunity for the rural and urban poor. These funds will focus on supporting institutional reforms, providing technology for small farmers, and microenterprise lending. Lasting economic growth increases income, enhances food security, and reduces poverty.

The request for programs in Democracy and Governance will strengthen the rule of law and respect for human rights, encourage credible and competitive political processes, promote the development of politically active civil society, and make government institutions more transparent and accountable. Scores of nations are making the transition from repressive, autocratic regimes to democratic governance, and these funds

¹ The FY 1999 and 2000 levels include funding for the Inter-America Foundation and the African Development Foundation. The FY 2000 level also reflects a transfer of \$12.5 million from DA to the Child Survival and Diseases Fund account pursuant to the waiver authority of section 559D(c)(2)(A) of the FY 2000 Foreign Operations, Export Financing, and Related Programs Appropriations Act (P.L. 106-113), as well as the across-the-board rescission.

Bilateral Economic Assistance: USAID

help countries build democratic institutions, strengthen the societal underpinnings essential to success, and move toward more open and representative governments.

The request for the Environment will reduce the threat of global climate change, conserve biological diversity, provide for sustainable urbanization and pollution control, increase environmentally sound energy services, and promote the sustainable management of natural resources. Lasting social and economic development requires careful stewardship of natural resources. Productive lands, forests, and coasts provide the foundation for equitable economic growth, and clean air and water are essential to meeting people's basic human needs. Support for global climate change, a five-year Administration priority begun in FY 1999, will continue with proposed funding in FY 2001 of \$150 million from all grant accounts, of which the DA/DFA portion will be \$109 million.

The request for Population programs will reduce unintended pregnancies, improve infant and child health nutrition while reducing their mortality rates, and decrease maternal deaths associated with childbirth through better access to obstetrical services. The increased funding for these activities (\$484 million from DA and DFA) is intended to bring overall funding for population programs back to its historical level. (Funding from all grant accounts will total \$542 million).

DEVELOPMENT FUND FOR AFRICA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DFA	--	--	532,928

National Interests:

To meet the President's commitment to sustainable African development and to assure a stable source of funding for Africa, USAID is renewing its request for a separate appropriation for the development Fund for Africa (DFA). This fund will support programs which promote broad-based economic growth, democracy and human rights, strengthen the environment, provide humanitarian assistance and encourage sustainable population growth within the Africa region. This fund also facilitates more flexible responses to countries in crises and transition.

Objectives and Justification:

U.S. programs in Africa are aimed at helping to accelerate its full integration into the global economy and combat transnational security threats. Africa must maintain or increase current rates of economic growth to secure political stability, raise living standards, and grow as a market for U.S. exports and investment.

Within this request \$210.6 million is for economic development and agricultural development (with \$93.6 million of this for agriculture), \$35.6 million for human capacity development other than basic education (which is funded out of the Child Survival and Diseases Fund account), \$103 million for population programs, \$107.3 million for sustained management of the environment, and \$72.6 million for building democracy.

Africa will continue to receive funds from the Child Survival and Diseases Fund account as well as the Economic Support Fund. Total requests for Africa under all these accounts will bring assistance to Africa back to historically high levels.

INTERNATIONAL DISASTER ASSISTANCE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Disaster Assistance	388,000	202,014	220,000

National Interests:

The International Disaster Assistance program provides relief, rehabilitation and reconstruction assistance to victims of natural and man-made disaster through the USAID Office of U.S. Foreign Disaster Assistance (OFDA). The Disaster Assistance account also funds the Office of Transition Initiatives (OTI), which focuses on the special needs of countries emerging from crises caused by political and ethnic conflict. The FY 2001 funding request is \$220 million and includes approximately \$55 million for OTI's post-crisis efforts. First priority in utilizing Disaster Assistance resources will be given to life-saving, emergency assistance.

Objectives and Justification:

Office of U.S. Foreign Disaster Assistance

The OFDA program objectives are: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of mitigation measures in countries at risk of natural disasters; and (3) enhance development prospects in priority, post conflict countries. To accomplish these objectives, USAID has a well-established management structure and in-house disaster relief experts who can draw on public and private sector resources to respond within 24 to 72 hours after a disaster. USAID fields assessment teams to identify needs, and provides disaster assistance response teams (DARTs) to facilitate communication and organize a response. USAID also provides communication support equipment, search and rescue groups, medical assistance, shelter, food and potable water.

Effective humanitarian assistance requires that the USAID relief, mitigation, transition and development programs support each other, as described below. In addition, USAID collaborates closely with other assistance providers in the international community. This is particularly important both to coordinate programs and to share the burden of relief costs. U.S. private voluntary organizations (PVOs) are critically important partners and play an essential role in raising resources, providing assistance, and implementing programs. USAID's partnerships with U.S. PVOs and non-governmental organizations include support for mechanisms to facilitate the exchange of information among international partners and to prevent duplication of effort.

Bilateral Economic Assistance: USAID

USAID works closely with the Departments of State and Defense to coordinate American relief efforts. For urgent disaster situations, 24-hour coverage is provided by staff to ensure the transmission of accurate information across different agencies, and between the disaster area and important response centers. Satellite communication equipment augments USAID's ability to carefully target emergency assistance and to coordinate with donors and other U.S. Government and non-governmental agencies.

Demands for disaster assistance have been rising in recent years. In FY 1999, USAID obligated nearly \$293 million in response to disasters, including supplemental appropriations provided for the Kosovo crisis and the Hurricane Mitch disaster. USAID responded to a total of 66 declared disasters from Albania to Vietnam in FY 1999. Among the disasters were 17 floods 2 epidemics, 10 cyclones or hurricanes, and 6 earthquakes. Among the worst natural disasters of 1999 were:

Hurricane Mitch – the deadliest Atlantic storm in 200 years caused an estimated 11,000 deaths in Honduras, Nicaragua, Guatemala and El Salvador; disaster relief provided health, water and sanitation needs, food, shelter and other emergency relief commodities.

Kosovo – ethnic cleansing resulted in the dispatch of NATO forces and the onset of a massive humanitarian crisis, which displaced about 1.5 million Kosovars. Homes and businesses were devastated; many areas were completely devastated. Disaster relief of \$117 million provided food for over 200,000 people, shelter for 46,000, health-related interventions for 40 percent of those affected by the war, and access to safe, clean water and sanitation services to 50 percent of the populace affected.

East Timor – thousands of civilians were killed by pro-integrationist militias and more than 350,000 were displaced from their homes. Disaster assistance provided food, blankets, water jugs, sheeting and latrines and wells.

Turkey – an earthquake registering 7.4 on the Richter scale killed an estimated 15,000 people. Disaster relief included the dispatch of the Fairfax County and Miami-Dade Search and Rescue Teams to help recover survivors; water purification nits were also provided.

Complex emergencies—those involving political and military conflict—account for an increasing share of the International Disaster Assistance budget. Rapid population growth, coupled with inadequate infrastructure support systems in many developing countries, has increased the number of people vulnerable to natural hazards, such as earthquakes, hurricanes, tornadoes, and volcanoes. Urban areas are expanding, with unsafe habitation in many shanty areas and slums. Population pressures also force people to move onto marginally viable and unsafe lands where natural hazards, such as hurricanes, earthquakes and volcanoes, and their side effects, such as flooding and mud slides, have disastrous impact.

In addition to the continued challenge of responding to the growing needs of complex and natural disasters, USAID has a new responsibility of coordinating the USG response to incidents involving nuclear, biological and chemical disasters overseas. As a result, USAID is developing a new response capability and incident command system in this field of emerging threats.

In adherence to a congressional recommendation, OFDA is expanding its search and rescue capacity to include two west coast-based search and rescue teams, will enhance the overall effectiveness of the search and rescue efforts within the Pacific and Asia regions.

Office of Transition Initiatives

Countries experiencing a significant political transition in the midst of a disaster or emerging from civil conflict have unique needs that cannot be fully addressed by simple disaster relief. Timely and effective assistance to promote and consolidate peaceful, democratic advances can make the difference between a successful or a failed transition. USAID's Office of Transition Initiatives (OTI), created in 1994, bridges the gap between emergency humanitarian assistance and long-term development assistance. Its fast and flexible interventions are designed to address immediate post-conflict needs and critical threats to stability and democracy.

OTI uses such mechanisms as support for demobilization and re-integration of ex-combatants into civilian society; development of initiatives to promote national reconciliation; identification of quick-impact community self-help projects to meet urgent economic needs; and aid to independent media outlets and community-based organizations to help promote informed debate and broaden public participation.

In FY 1999, OTI initiated programs in seven countries or provinces (Albania, Colombia, East Timor, Honduras, Kosovo, Lebanon, and the Former Yugoslav Republic of Macedonia); concluded operations in four countries (Angola, Guatemala, Liberia, and Rwanda); and continued operations in nine (Bosnia-Herzegovina, Croatia, Democratic Republic of Congo, Indonesia, Montenegro, Nigeria, Philippines, Serbia, and Sierra Leone). Technical assistance was provided in Cambodia, Northern Ireland, Peru, Ecuador and Zimbabwe.

USAID CREDIT PROGRAMS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Urban and Environmental Credit Program			
Subsidy	1,500	1,500	--
Administrative costs	4,946	4,990	--
Micro and Small Enterprise Development			
Subsidy	1,500	1,500	--
Administrative costs	500	500	--
Development Credit Authority			
Subsidy transfer	--	[3,000]	--
Development Credit Program Account			
Subsidy transfer	--	--	[15,000]
Administrative costs	--	--	8,000
Total	8,446	8,490	8,000

National Interests:

Credit is often the best means to leverage private funds for development purposes. It enables USAID to make more rational choices among loans, guarantees, grants (or combinations of these) to address market imperfections in developing countries. It also will allow USAID to achieve greater development results.

Objectives and Justification:

To enhance its capacity to use credit as a financing tool, USAID has made significant progress in strengthening its credit and loan management operations. This includes a decision to outsource a number of USAID's loan management functions; the hiring of additional staff responsible for credit matters; a review and monitoring of USAID's entire loan portfolio; the development of financial performance indicators; and the establishment of the Agency Credit Review Board to oversee all Agency credit activities.

For FY 2001, USAID is requesting a new Development Credit Program account (DCP) to replace the former USAID credit programs. Funds for the DCP will be derived by the transfer of up to \$15 million from the Development Assistance and other grant accounts. In addition, \$8 million is requested for administrative costs. This program consolidates the former Urban and Environmental Credit program, the Micro and Small Enterprise Development program, the former Development Credit Authority and USAID's

Bilateral Economic Assistance: USAID

direct loan portfolio. This consolidation will allow USAID to use credit as a more flexible development tool for a wide range of development purposes.

The new DCP permits USAID to substitute credit assistance (loans and loan guarantees) for grant assistance to achieve any of the economic development purposes authorized by the Congress in Part I of the Foreign Assistance Act of 1961, as amended.

Subject to limits in the annual appropriations acts and the normal Congressional notification processes, disciplined credit assistance under the DCP is principally intended for use where a development activity is financially viable, where borrowers are creditworthy, and where there is true risk sharing with private capital in developing countries for sustainable development projects. DCP is principally geared toward non-sovereign use. It is intended that all future Agency credit assistance will be offered under the DCP and the strict disciplines of the Federal Credit reform Act of 1990.

USAID OPERATING EXPENSES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Operating Expenses	502,792	518,960	520,000

National Interests:

USAID's development, economic, and humanitarian programs play an important role in support of U.S. foreign policy and national security objectives. The Operating Expenses (OE) budget of USAID is critical since it provides funding for salaries and support costs of the staff responsible for managing these programs.

Objectives and Justification:

The OE request for FY 2001 is \$520 million. These funds, combined with other funding sources such as local currency trust funds, are required to enable USAID to maintain a U.S. direct hire staffing level of 2,034. As a large portion of the OE budget is either fixed or directly related to staffing levels, reductions in the requested funding levels would immediately impact on the ability of USAID to maintain the staff necessary to monitor and manage their programs.

In FY 2001, about 36% of the total resources available for Operating Expenses will be required to fund salaries and benefits of the 2,034 U.S. direct hire employees anticipated to be on-board by the end of the fiscal year. This staffing level is 14% below the staffing levels on September 30, 1996, after a reduction-in-force. Large staff reductions have been required during the past several years. It is essential that sufficient funding be provided to maintain the current staffing level in order to insure prudent and effective use of the Agency's program resources.

Another 39% of the total budget is required to cover the costs of maintaining the Agency's minimal field presence, projected at 650 U.S. direct hire in FY 2001. Most of the costs are relatively fixed, such as office and residential rents and utilities, security guards, and post assignment costs. Reductions would be possible only if the already overly stretched staff levels were to be reduced even further.

In addition to normal recurring costs of USAID, funding will be required in FY 2001 for two major information technology requirements. This effort is essential to enabling USAID to improve its overall financial management both internally, to give managers a better handle on resource allocation, performance measurement, and program management, and externally to be able to present accurate data in a timely fashion to auditors and the Congress, customers and the public at large. The first requirement is continuing work to complete the Commercial Off-The-Shelf (COTS) accounting

Bilateral Economic Assistance: USAID

package, implement it throughout Washington and begin implementation overseas. In addition, this will include work to integrate the existing procurement system with the COTS package. The second is a requirement to upgrade the Agency's operating system worldwide. The system currently in use is no longer being maintained by the vendor and must be replaced at all USAID locations.

In the area of overseas security, funding has been included in the Department of State's Foreign Buildings Office budget in the amount of \$50 million to provide secure facilities for USAID staff in Kenya and Uganda.

USAID OFFICE OF THE INSPECTOR GENERAL
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IG Operating Expenses	28,617	24,950	27,000

National Interests:

The FY 2001 request covers operations, including salaries, expenses, and support costs, of the Office of Inspector General's (OIG) personnel. The Omnibus Appropriations Act of October 21, 1998, transferred the OIG's Security Operations to the Administrator of USAID. From FY 1999 onward, funding for Security Operations is provided under USAID's Operating Expense account.

Objectives and Justification:

The goal of the Office of the Inspector general (OIG) is to help (1) assist USAID implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance and (2) work with USAID to protect and maintain the integrity of the Agency and its programs by investigating allegations of federal criminal violations and serious administrative violations involving USAID programs and personnel.

The FY 2001 budget request of \$27 million covers operations, including salaries, expenses, and support costs of the Office of the Inspector General (OIG) involving USAID programs and personnel operating in over 80 different countries around the world.

OTHER BILATERAL ECONOMIC ASSISTANCE

Economic Support Fund
Assistance for East Europe and the Baltic States
Assistance for the Independent States of the Former Soviet Union

ECONOMIC SUPPORT FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	\$2,592,831	\$2,792,187	\$2,313,000

National Interests:

The Economic Support Fund (ESF) addresses economic and political foreign policy interests of the United States by providing assistance to allies and countries in transition to democracy, supporting the Middle East peace process, and financing economic stabilization programs, frequently in a multi-donor context. The U.S. Agency for International Development (USAID), with overall foreign policy guidance from the Department of State, implements most ESF-funded programs. ESF furthers our foreign policy interests by:

- Increasing the role of the private sector in the economy, reducing government controls over markets, enhancing job creation, and improving economic growth.
- Assisting in the development of effective and accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.
- Developing and strengthening institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, and strengthen local governments, parliaments, independent media and non-governmental organizations.
- Assisting in the transition to transparent and accountable governance and the empowerment of citizens, working through their civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, and respect for human rights and fundamental freedoms.
- Strengthening capacity to manage the human dimension of the transition to democracy and a market economy, and to help sustain the neediest sectors of the population during the transition period.

Objectives and Justification:

ESF is used to address a full range of problems through an integrated strategy, including balance of payments and other economic support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture democratic institutions and a vibrant civil society. In other parts of the world, economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, balance of payments or budgetary support may create leverage to bring about the adoption

Other Bilateral Economic Assistance

of more rational economic and fiscal policies required to sustained economic growth. However, in the short term, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security of key friends and allies.

The largest share of the FY 2001 ESF request remains focused on supporting Middle East peace through programs that foster economic stability and development in Israel, Egypt and other Arab countries pledged to support the peace process. ESF is also requested to support peace and reconciliation in Ireland, Cyprus, Guatemala, Peru, and Ecuador. ESF also finances programs to enhance the administration of justice and rule of law, as well as police training and technical assistance administered by the Department of Justice.

The United States has a strong stake in promoting and strengthening democratic practices and values worldwide. For example, America has an urgent and obvious stake in sustaining assistance to countries in democratic transitions, such as Nigeria and Indonesia. Nigeria's future development will determine whether it is a source of chaos and corruption or a leading player for stability and progress in West Africa. Indonesia has long been a leader in Southeast Asia. It now has a chance, with U.S. assistance, to become a multiethnic democracy, as well. In countries such as Haiti where the United States has invested significant resources and international leadership, ESF will continue to support programs to sustain Haiti's democratic transition.

Through regional accounts, ESF supports carefully-targeted programs to assist democratic forces in new or threatened democracies, and, in some cases, programs designed to strengthen pro-democratic forces. Typical areas of assistance include technical assistance to administer and monitor elections, capacity-building for non-governmental organizations, judicial training, and women's participation in politics. For FY 2001, ESF for democracy will be used for a range of programs to help strengthen and consolidate democratic processes and institutions in countries that have recently embarked on a democratic course, or where democracy is threatened.

Further detailed justification for the proposed programs are found in the "Country and Regional Programs" section of this presentation.

**FY 2001 ECONOMIC SUPPORT FUNDS
PROGRAM SUMMARY**
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Sub-Saharan Africa			
Angola	-	-	5,000
Nigeria	1,000	20,000	25,000
Sierra Leone	3,300	1,500	-
Emergency Supplemental - Kenya	37,000	-	-
Emergency Supplemental - Tanzania	9,231	-	-
SADC Initiative	2,000	1,000	1,000
Safe Skies	-	2,000	2,000
Organization of African Unity (OAU)	-	-	2,000
Regional Organizations	-	-	1,000
Countries in Transition	-	10,000	20,000
Education for Development & Democracy	10,000	10,000	15,000
Great Lakes Justice Initiative	25,000	10,000	10,000
Presidential Economic Growth Opportunity	-	2,000	2,000
Africa Regional Democracy Fund	14,000	6,000	15,000
Subtotal - Sub-Saharan Africa	101,531	62,500	98,000
East Asia and the Pacific			
Burma	3,500	3,500	3,500
Cambodia	10,000	10,000	20,000
Indonesia	5,300	23,000	50,000
Philippines	-	-	5,000
Mongolia	-	6,000	12,000
Regional Democracy	175	2,000	5,000
Accelerating Economic Recovery in Asia	5,000	5,000	8,000
Regional Security	250	250	250
China NGO (Tibetan Culture)	-	1,000	-
Chinese Payment	-	-	28,000
EAP Environment Initiatives	3,825	3,500	6,000
East Timor	6,500	25,000	10,000
Regional Women's Issues	-	2,500	4,000
South Pacific Fisheries	14,000	14,000	14,000
Subtotal - East Asia and the Pacific	48,550	95,750	165,750
Europe			
Albania	12,000	-	-
Bosnia	12,000	-	-
Bulgaria	25,000	-	-

Other Bilateral Economic Assistance

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Macedonia	22,000	-	-
Romania	14,000	-	-
Cyprus	15,000	14,950	15,000
Ireland	19,600	19,525	19,600
Irish Visa Program	-	4,000	5,000
Federal Republic of Yugoslavia	15,000	-	-
Kosovo	9,900	-	-
Europe Regional	-	21,139	-
Subtotal - Europe	144,500	59,614	39,600
Near East			
Egypt	775,000	727,267	695,000
Israel	1,080,000	949,056	840,000
Jordan	150,000	149,500	150,000
- Wye Supplemental	50,000	50,000	-
Lebanon	12,000	15,000	12,000
Yemen	-	-	4,000
West Bank/Gaza	75,000	85,000	100,000
- Wye Supplemental	-	400,000	-
Iraq Opposition	3,000	10,000	10,000
Middle East Democracy	2,500	6,000	4,000
Middle East Multilaterals	3,000	4,000	4,000
Middle East Regional	6,000	10,000	5,000
U.S. - North Africa Partnership	-	5,000	4,000
Subtotal - Near East	2,156,500	2,410,823	1,828,000
South Asia			
India	-	-	5,000
South Asia Democracy	2,750	8,000	5,000
South Asia Regional	-	3,000	-
South Asia Energy and Environment	-	-	4,000
South Asia Regional Stability Fund	-	-	1,000
Women & Children Support Fund	-	-	5,000
Subtotal - South Asia	2,750	11,000	20,000
Western Hemisphere			
Guatemala	25,000	20,000	20,000
Haiti	70,000	60,000	50,000
Administration Of Justice/ICITAP	6,775	6,500	10,000
Peru/Ecuador Peace	-	11,000	10,000
W. Hemisphere Regional	18,225	27,000	43,650
Subtotal - Western Hemisphere	120,000	124,500	133,650

Other Bilateral Economic Assistance

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Global			
Human Rights and Democracy Fund	9,000	9,000	18,000
Holocaust Victims Trust Fund	10,000	11,000	-
Partnerships to Eliminate Sweatshops	-	4,000	5,000
Environmental Diplomacy	-	4,000	5,000
Subtotal - Global	19,000	28,000	28,000
Subtotal	2,592,831	2,792,187	2,313,000
Rescission	1,500	22,913	-
Total	2,594,331	2,815,100	2,313,000

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES (SEED)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	550,000	532,970	610,000

National Interests:

Since 1989, the Assistance for Eastern Europe and the Baltic States (SEED) Act has promoted important U.S. national interests and strategic goals in Central, Eastern and Southern Europe. As the war in the former Yugoslavia and the conflict in Kosovo demonstrated, U.S. interests in this part of the world remain as important as they were when the original SEED Act was passed. SEED assistance funds vital peace implementation programs in Southeast Europe which have laid the foundation for many these former communist countries to develop democratic institutions and market economies. It does this through the provision of innovative programs, technical assistance and training to facilitate reform and transition. Many of these countries have made solid progress toward achieving the goals of the SEED program: building a market economy with a strong private sector, consolidating democracy, and improving the quality of life for citizens.

SEED programs help ensure that local and regional instability -- particularly in Southeast Europe -- do not threaten the security and well being of the United States and its allies. A peaceful, democratic Central Europe gives the United States and the Atlantic Alliance substantially greater assurance of security at a lower cost. SEED funding also promotes broad-based economic growth in the transitional countries of Central Europe and increases adherence to democratic practices and respect for human rights. SEED programs minimize the human costs of conflict, contribute to the protection of human health, help secure a sustainable global environment, and promote U.S. exports. Central Europe is a growing market for U.S. goods and services, and a gateway to the vast potential markets in Russia and Ukraine.

While the SEED program has built a solid record of accomplishment, much remains to be done. Two groups of countries in Southeast Europe continue to need U.S. assistance. The first group is comprised of countries and regions whose economic and political transition has been delayed by the wars in Bosnia, Croatia, and Kosovo. The aftermath of the conflict in Kosovo and the ongoing instability in Serbia and Montenegro demand U.S. involvement and leadership to establish and maintain security, prevent the outbreak of further conflict, address humanitarian needs, strengthen democratic forces, and contribute to the reconstruction of war-ravaged areas. Bosnia remains a difficult challenge, given the severe physical and human damage caused by the war and the resulting extreme hatreds it generated. The United States continues to exercise leadership

Other Bilateral Economic Assistance

through both its military presence and SEED Act assistance to ensure Dayton Accords are implemented.

The second group contains the neighboring countries of Albania, Bulgaria, Macedonia and Romania. All suffered debilitating economic and/or political crises as a result of the Kosovo conflict, which have challenged political, economic and social stability. SEED is helping these countries deal with these crises and move forward in their transitions.

Objectives and Justification:

Objectives of the SEED program for FY 2001 include:

- To promote the development of a market economy with a strong private sector, the consolidation of democracy, and the improvement of the quality of life for citizens in SEED recipient countries through the provision of innovative programs, technical assistance and training.
- To stabilize and transform Kosovo into an economically viable, democratically self-governing territory through the support of the United Nations Mission in Kosovo (UNMIK), the development of legitimate institutions of local self-government, the training and equipping of the Kosovo police, and the development of an effective court and administration of justice system.
- To advance the process of democratization in Serbia, including the effectiveness and accountability of local government; strengthening public awareness of rule of law issues; and helping the democratic opposition develop a comprehensive action plan for economic, political and administrative reform.
- To advance the process of democratization in the former Yugoslavia through economic, political, and financial support for democratic forces in Montenegro.
- To implement the Dayton Peace Agreement in Bosnia, continuing the shift of funding from municipal infrastructure and reconstruction projects to economic reform aimed at greater privatization and legal and regulatory reform.
- To work with a new reform-minded, democratic government of Croatia to undertake economic reform, consolidate democracy, and fully implement and support refugee return programs in order to rapidly move Croatia toward integration with the West.
- To stabilize, transform, and integrate the countries of Southeast Europe into Transatlantic institutions, through the development of greater intraregional ties under the aegis of programs such as the Stability Pact for Southeast Europe.

Other Bilateral Economic Assistance

- To provide limited SEED assistance to Northern Tier countries to preserve progress in democratic and economic reforms, provide targeted economic assistance for countries in fiscal crisis, and to help empower the strongest countries in Central and Eastern Europe to assist their neighbors in Southeast Europe and the former Soviet Union.

SEED assistance supports U.S. security, democracy, commercial, and human rights interests in Central, East, and Southeast Europe. FY 2001 SEED assistance will also:

- Enhance security on the ground for U.S. peacekeeping troops in Kosovo and Bosnia;
- Speed up the stabilization process in the countries of the former Yugoslavia, allowing faster withdrawal of U.S. forces;
- Help prevent possible further outbreaks of armed conflict;
- Improve internal security and rule of law, reducing the influence of organized crime and corruption;
- Improve the investment climate and help open new markets for American business;
- Improve the lives of citizens in the region through more effective government, improved social services, and a cleaner environment.

See individual country and regional program papers for detailed program justifications.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES (SEED)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Albania	49,300	32,000	32,000
Bosnia	180,000	100,000	90,000
Bulgaria	30,150	32,000	32,000
Croatia	17,000	15,100	30,000
Lithuania	2,300	--	--
Macedonia	32,500	30,000	30,000
Poland	20,000	--	--
Romania	41,400	35,000	35,000
Kosovo	77,227	150,000	175,000
Montenegro	25,980	24,000	55,000
Serbia	6,455	25,000	41,500
Slovakia	3,000	--	--
Regional	64,688	89,870	89,500
Subtotal	550,000	532,970	610,000
Rescission	--	2,030	--
Total	550,000	535,000	610,000

**FREEDOM SUPPORT ACT: ASSISTANCE FOR THE
NEW INDEPENDENT STATES (NIS) OF THE FORMER SOVIET UNION
(\$ in thousands)**

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	847,000	835,812	830,000

National Interests:

U.S. and global security is greatly influenced by what happens in Russia and the other New Independent States (NIS). The sheer size of the NIS region, its borders with key countries in Europe, the Middle East, South Asia, and East Asia, and its capacity to produce critical energy supplies means the U.S. has a vital national interest in seeing the NIS become stable, democratic, and prosperous nations. This will only happen if these countries successfully complete the transition they began in 1991 from a totalitarian system with a centrally planned economy to a system characterized by democratic governance and a market-based economy. The assistance programs funded under the FREEDOM Support Act (FSA) are aimed at facilitating this transition by helping the NIS develop the necessary legal and political infrastructure and by supporting emerging democratic organizations and market institutions.

The United States also has strong national security interests in preventing proliferation of weapons of mass destruction, delivery systems, and weapons technology and expertise from the former Soviet arsenal. The ongoing weakness of regional economies means that proliferation risks remain high. The Administration proposed an Expanded Threat Reduction Initiative in FY2000, which led to a substantial increase in threat reduction programs under the FSA to address these risks.

Objectives and Justification:

Because we recognize that the transition of the NIS into democratic states with market-based economies will occur unevenly and over a long period of time, our assistance programs are based on two principles: first, balance between programs that address immediate threats and programs that promote lasting, generational change; and second, selective engagement based on willingness to reform.

To engage effectively with the NIS, there is an urgent need to continue humanitarian and nonproliferation programs to address the short-term fall-out from weak economic performance, including increased threats of illicit weapons trafficking and, in some cases, political instability. At the same time, we must continue to invest in long-term political and economic reform through exchanges, support for NGOs, and Internet access, as well as through support for small business and training for entrepreneurs. These grassroots

Other Bilateral Economic Assistance

programs are the best bet for promoting civil society, job-creating growth, and the emergence of a strong middle class.

In providing technical assistance, we will continue to distinguish between countries and sectors that are more open to reform and those that remain resistant or hostile to reform. Assistance to central governments only makes sense when they want to make good use of it. In countries where commitment to reform has been genuine – Kyrgyzstan and Georgia, for example – we will continue providing such assistance in FY 2001. In countries where no such commitment exists – for example, Belarus and Turkmenistan – we will instead emphasize grassroots programs that focus on the next generation or work with the struggling private sector.

The broad objectives of U.S. government assistance to the NIS in FY 2001 are:

- To enhance U.S., Russian, and international security through cooperative threat reduction and nonproliferation efforts.
- To help Russia establish an open and competitive market economy and, in the process, expand opportunities for U.S. trade and investment.
- To promote the development of democratic institutions, the rule of law, and a civil society.
- To ease the human costs of transition, through humanitarian efforts and a focus on the social sector.

More specific objectives in FY2001 will include:

- providing former Soviet weapons scientists with peaceful civilian research opportunities;
- enhancing NIS countries' capability to detect illicit weapons of mass destruction transfers;
- facilitating the relocation of Russian troops and destruction /removal of munitions currently in other NIS, and facilitating Russia's military downsizing.
- advancing the peaceful resolution of violent conflicts by support for regional integration and reconstruction projects.
- Supporting regions within individual NIS in their efforts to institute local reform policies, in order to create models of successful reform that can influence other regions and, ultimately, national policies.
- Bolstering small business through training and increased availability of credit.

Other Bilateral Economic Assistance

- Helping national and regional governments that show a commitment to reform to build the legal and institutional infrastructure for a market economy.
- Changing mindsets among NIS citizens, especially the next generation, through exchanges and partnerships that expose them to Western societies and practices.
- Strengthening the rule of law by making legal and judicial systems more effective and by empowering civil society, especially non-governmental organizations.
- Combating corruption by promoting transparency at all levels of government and by strengthening independent media and NGOs.
- Fighting the spread of infectious diseases such as TB and HIV/AIDS, and trying to improve child and maternal health.
- Helping the NIS to address the multiple challenges posed by the environmental legacy of the Soviet period.

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER SOVIET UNION (\$ in thousands)

Country	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Armenia	80,080	102,380	74,960
Azerbaijan	35,180	30,760	54,560
Belarus	12,390	7,300	8,000
Georgia	84,580	108,400	85,760
Kazakhstan	50,510	43,720	48,300
Kyrgyzstan	32,010	29,460	37,540
Moldova	45,390	64,260	49,960
Russia	161,160	178,480	161,850
Tajikistan	13,050	9,200	12,000
Turkmenistan	11,260	6,280	8,000
Ukraine	203,580	160,000	171,300
Uzbekistan	27,330	17,350	25,000
Regional ¹	90,480	78,222	92,770
Subtotal		835,812	
Rescission		3,188	
Total	847,000	839,000	830,000

¹ Includes Mongolia

INDEPENDENT AGENCY

Peace Corps
Inter-American Foundation
African Development Foundation

Independent Agency

PEACE CORPS (\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Peace Corps	242,729	244,069	275,000

National Interests:

The Peace Corps was established 39 years ago to promote international peace and friendship through the service abroad of American volunteers. It has since emerged as a model of citizen service on an international scale and of practical assistance to people in developing countries. More than 155,000 Americans from every background have served in the Peace Corps in 134 countries. Volunteers contribute to the social and economic development of interested countries; promote a better understanding of Americans among the people whom volunteers serve; and strengthen Americans' understanding about the world and its peoples.

Objectives and Justification:

The Peace Corps fulfills its mission by making it possible for American citizens to serve as volunteers in developing countries and participate in the development efforts of their host communities. The people-centered focus of the Peace Corps, and its separation from the formal conduct of the foreign policy of the United States, has allowed volunteers to establish a record of service that is respected and recognized globally. Nevertheless, Peace Corps projects support the U.S. foreign policy goals of promoting economic growth in developing and transitional economies, securing a sustainable global environment, protecting human health and reducing the spread of disease, and providing humanitarian assistance in response to crises. Peace Corps also supports other important national goals, such as: preparing America's work force with overseas experience, educating young Americans about other countries and cultures through Peace Corps' World Wise School and Peace Corps Fellows programs, and encouraging service and volunteerism among the American people.

The men and women who serve overseas as Peace Corps volunteers reflect the rich diversity of our country, but they share a common spirit of service, dedication, and idealism. For two years, they pursue a life that requires determination, self-motivation, patience, and sacrifice. They are afforded no special privileges and often live in remote, isolated communities. Volunteers receive intensive language and cross-cultural training in order to become part of their community. They work with teachers and parents to improve the quality of, and access to, education for children. They work on basic projects to keep families healthy and to help them grow more food. Their larger purpose, however, is to leave behind skills that allow people in developing countries to take charge of their own futures. At the same time, volunteers learn as much, if not more, from the

Independent Agency

people they serve. When they complete their service in the Peace Corps, volunteers bring the world back home and strengthen America's understanding of different countries and cultures.

The Peace Corps budget request for FY 2001 is \$275,000,000, an increase of \$30,931,000 over the FY 2000 enacted level of \$244,069,000. The FY 2001 request represents the third year of a multi-year plan to reach 10,000 volunteers - a goal that Congress established for the Peace Corps in 1985. An increase in the number of volunteers serving overseas would allow the agency to expand its education, business, and health programs in Central Asia; address chronic needs in Africa in the areas of HIV/AIDS prevention and girls' education; expand initiatives in information technology and municipal management; and assist countries affected by natural disasters.

The budget increase requested in FY 2001 will fund:

- an increase in the number of volunteers on board from approximately 7,100 (end of FY 1999) to 7,800 (end of FY 2001) (\$11.9 million);
- security enhancements to protect Peace Corps volunteers, staff, and property (\$3.7 million);
- continued technology infrastructure improvements (\$5.0 million); and
- cost increases resulting from inflation and pay raises (\$1.6 million).

The following areas are priorities for FY 2001:

- **New Programs and Graduations** - Consistent with the global nature of its mission, the Peace Corps maintains a broad international presence, while seeking to provide as many opportunities as possible for Americans to serve overseas. In FY 1997, Peace Corps volunteers made history when they began serving in Jordan and South Africa. In FY 1999, the Peace Corps sent the first volunteers to serve in Mozambique and Bangladesh. The agency also strengthened its presence in China with the signing of a formal country agreement in FY 1999. At the same time, the Peace Corps has closed its programs in countries where significant development has taken place, most recently in Chile and Fiji. By the end of FY 2002, the Peace Corps will have graduated from Poland, Slovak Republic, and the Baltic States, where volunteers will leave a strong legacy of service, community development, and cross-cultural exchange. The Peace Corps was able to re-establish its program in the Former Yugoslav Republic of Macedonia after a temporary suspension during the bombing in Kosovo. The agency hopes to return to countries such as Uganda, Eritrea, and Ethiopia, where safety and security concerns required the evacuation of volunteers, and is prepared to respond to requests for volunteers from new countries if conditions permit.
- **Program Initiatives** - The Peace Corps continues to explore innovative approaches to involve volunteers and their communities in grass-roots development. The agency will expand its efforts to promote the use of

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information technology as a means of building the capacity of local people and institutions. By providing support and training in information technology, volunteers can help link entrepreneurs to new business opportunities, bring the Internet into the classroom, track immunization coverage, and provide a forum for communities to share ideas about development activities. In addition, volunteers will continue to facilitate partnerships between local community groups, the private sector, and non-governmental organizations to address community needs and strengthen local institutions. A growing number of volunteers will serve as teaching resources for community-based disaster prevention and response.

- **Safety and Security** - The agency has taken significant steps to ensure that current and future volunteers receive the best possible support and training to carry out their work. New safety and security protocols for volunteer work sites have been developed and, by the end of FY 2000, safety and security training for each Peace Corps sub-region will be completed. A new Coordinator for Volunteer Safety and Overseas Security has strengthened monitoring and evaluation of security trends, developed policy recommendations, and serves as the agency's liaison to other agencies with respect to safety and security.

Supplemental funding in the amount of \$8.3 million for security-related expenditures has allowed the agency to provide: additional guard protection and physical security enhancements at Peace Corps overseas posts; improved communications capabilities, such as satellite phones; and enhanced training on security issues for staff and volunteers. Through partnership with other agencies, the Peace Corps will continue to monitor safety conditions in all countries and respond proactively to needs identified by staff and volunteers.

- **Improved Business Systems** - Financial savings in basic business operations have been achieved by realigning the Peace Corps' headquarters organization, improving overseas financial operations, and reducing medical costs in support of volunteers. The Peace Corps has also taken steps to modernize the agency's information systems and infrastructure, including the procurement of a new financial management system and the migration to a Windows-based computer platform. With comprehensive contingency plans and the renovation of all computer systems to be Y2K compliant, the agency experienced no disruptions at headquarters or to its 77 overseas posts during the transition to the Year 2000.
- **Streamlined Recruitment** - The Peace Corps is prepared to respond to the increased requests for volunteers with a strategic recruitment plan that includes an innovative marketing and communications campaign. With an expanded Web site that has become the "front door" to thousands of people, the Peace Corps is recruiting Americans from every background to serve as volunteers. During FY 1999, the agency began a comprehensive review of the recruitment and selection process for prospective volunteers and expects to implement improvements by the end of FY 2000, including modified screening and

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assessment tools, an on-line application, and expanded program information to applicants.

- **Humanitarian Assistance to People in Crisis Situations** - Since the program was created just over three years ago, over 230 Crisis Corps volunteers have worked in 20 countries to provide assistance to countries affected by natural disasters and refugee crises. In FY 1999, Crisis Corps volunteers provided assistance in the countries devastated by Hurricanes Mitch and Georges. Volunteers also provided services to refugees in Guinea and Zambia.

In FY 2000, Crisis Corps volunteers will primarily be devoted to natural disaster response projects in the countries devastated by Mitch and Georges. Crisis Corps volunteers will also support refugees as security conditions permit and may begin to work in HIV/AIDS projects in countries where this epidemic has reached crisis levels.

INTER-AMERICAN FOUNDATION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IAF ¹	19,966	4,981	20,000

National Interests:

The Inter-American Foundation, an independent agency of the United States Government, was created in 1969 as an experimental United States foreign assistance program. The Inter-American Foundation works in Latin America and the Caribbean to promote equitable, responsive, and participatory self-help development by awarding grants directly to local organizations throughout the region. The Inter-American Foundation stimulates democratic development and practices at the grassroots level throughout Latin America and the Caribbean.

During Fiscal Years 1998 and 1999 the Inter-American Foundation underwent a major transition with regard to its programmatic strategy and objectives. While maintaining its commitment to helping the poor help themselves, the Foundation has sought to develop new strategies, partnerships, and mechanisms to increase its role as a development innovator and to disseminate results and lessons learned for the benefit of other donors, such as the United States Agency for International Development (USAID), the World Bank, the Inter-American Development Bank, private foundations and non-governmental organizations (NGOs). By doing so, the interests of the United States are furthered through the promotion of democratic principles and economic development at the grassroots level.

Objectives and Justification:

In Fiscal Year 2001, the Inter-American Foundation will use its grant-making program to be an effective catalyst and leader in the promotion and support of innovative local partnerships that involve NGOs, municipal governments, and the private sector working together to mobilize and focus resources on improving economic and social conditions in their communities. This approach to development will strengthen democratic processes and civil society by encouraging the active participation of local governmental, non-governmental, and business entities in joint efforts to solve common problems. By promoting and demonstrating the value of collaboration among the governmental, non-governmental, and business sectors to address local priority development needs, the Inter-American Foundation will encourage the establishment of sustainable democratic structures and mechanisms for the participation of economically disadvantaged citizens in the public decision-making processes that affect their lives.

¹ For FY 1999 and FY 2000 funds were appropriated in Development Assistance.

In Fiscal Year 2001, the Inter-American Foundation will also support programs and activities that promote and advance in Latin America and the Caribbean the concepts of philanthropy, social responsibility, and investment by the corporate community of financial and human resources in local economic and social development activities. By encouraging corporations and other business entities working in Latin America and the Caribbean to invest a portion of their resources in the social and economic development of the communities in which they operate, the Inter-American Foundation will increase the amount of local resources being channeled from the private sector to support local development initiatives to address priority needs. Such an approach will lead to increased economic opportunities for the poor, increased integration of the poor into local and regional markets, decreased dependency of the poor on foreign assistance programs, and, over the long term, expanded markets for U.S. goods and services in Latin America and the Caribbean.

In the same respect, the Inter-American Foundation will carry out a special initiative to encourage U.S.-based corporations operating in Latin America and the Caribbean to invest resources to support development programs in the communities in which they operate. This initiative will involve an intensive campaign to promote the importance of social responsibility as a good business practice among those U.S. corporations that have subsidiaries or important markets in Latin America and the Caribbean.

The Inter-American Foundation's overall vision is for Latin American and Caribbean countries to achieve high levels of development capability at the grassroots level and independence from external resources. In pursuit of its vision, the Inter-American Foundation's goal is to increase the effectiveness and the financial independence of community level development organizations and processes that focus on human development, foster self-reliance, and improve the quality of life for the peoples of Latin America and the Caribbean. Given the Inter-American Foundation's limited staff and financial resources, the quest for creative and effective ways to increase the impact of its limited resources must be an ongoing institutional priority.

The Inter-American Foundation is planning a Fiscal Year 2000 budget of \$20 million utilizing 55 full-time employees.

AFRICAN DEVELOPMENT FOUNDATION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ADF ¹	11,137	14,345	16,000

National Interests:

The African Development Foundation (ADF) programs support economic development, promote democracy and human rights and help to protect Africa's fragile environment. The ADF has a unique role among U.S. government agencies in developing micro and small enterprise, fostering grassroots trade and investment, improving community-based resource management and strengthening civil society in Africa.

Objectives and Justification:

The African Development Foundation request for FY 2001 of \$16 million will foster self-help and self-reliance at the community level in order to alleviate poverty and promote sustainable development in Africa. ADF programs focus on four strategic objectives:

- Promoting small and micro-enterprise development
- Expanding participation of small enterprises and producer groups in trade and investment relationships with the U.S. and within Africa.
- Ensuring sound natural resource management
- Strengthening civil society

In pursuing these objectives, ADF emphasizes innovation and risk-taking in order to better promote sustainable development in Africa. The foundation takes a unique approach in that all funding is channeled through local organizations and African organizations. No funding goes through governments or to international experts. ADF assists African people directly, there is no "trickle down."

This funding will enable ADF to finance 100 projects aimed at increasing economic opportunities and promoting broad-based sustainable development and empowerment of the poor in Africa. It would also enable the Foundation to undertake new initiatives and expand on high-impact pilot efforts. Specifically, ADF will:

¹ For FY 1999 and FY 2000 funds were appropriated in Development Assistance.

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- Launch a new program in Nigeria where ADF's unique approach would make an important contribution to the country's national rural development program and complement other USG support for this important country.;
- Incorporate HIV/AIDS training in all ADF projects which would be a significant grassroots component of USG efforts to halt the spread of this deadly virus;
- Expand ADF's successful grassroots trade and investment initiative;
- Launch new initiatives to mobilize private sector capital and technology.

ADF will have a significant impact on increasing economic opportunities and promoting broad-based sustainable development and empowerment through the requested funding, including:

- In the area of micro and small enterprise (MSE) development, over 25,000 micro loans will be disbursed and 8,500 entrepreneurs trained through new intermediary funding mechanisms and business support service providers. This will result in 8,000 new MSEs being established and about 10,000 jobs created.
- ADF will identify and promote non-traditional exports and will move small scale African enterprises into regional and international trade arrangements.
- The Foundation will help protect and conserve Africa's fragile biodiversity and ecosystems as it: raises grassroots awareness of natural resource management (NRM); supports the formulation of NRM plans by rural communities; assists local groups in implementing innovative programs that generate income without adversely affecting Africa's fragile biodiversity; and funds African researchers to develop and/or adapt new technologies and practices for extension to rural communities.
- ADF will help strengthen Africa's growing civil society through: civic education programs; capacity building of grassroots groups to define their own problems and mobilize resources to redress them; and support to civil society organization which can then lobby for transparency and accountability and influence policies and resource allocations affecting their members.

DEPARTMENT OF STATE

International Narcotics Control and Law Enforcement
Migration and Refugee Assistance
U.S. Emergency Refugee and Migration Assistance Fund
Nonproliferation, Anti-terrorism, Demining, and Related Programs

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	516,570 ¹	303,841	312,000

National Interests:

Drugs and crime pose a unique threat to the long-term security of the United States and are among the two most important sources of global instability in the post-Cold War era. Unlike other foreign policy interests that may challenge either domestic or external interests, drugs and crime simultaneously target both. Through their power to corrupt and subvert, they have the capacity to erode U.S. social and economic structures. Within the State Department, the Bureau for International Narcotics and Law Enforcement Affairs (INL) has broad responsibility for federal law enforcement policy and program coordination in the international arena.

Domestically, the social cost to the United States from the drug trade totals \$110 billion a year -- and that is without taking into account the lives wasted or destroyed by addiction to illegal drugs. And it threatens to claim a new generation. Surveys have shown an alarming increase since 1992 in the number of American teens using drugs. Heroin is staging a comeback among young people ignorant of the epidemic of the '1960s and 1970s. Domestic prevention and enforcement alone cannot cope with the avalanche of drugs entering the U.S.; they must be supported by effective control in the source and transit countries.

The same is true of other aspects of global organized crime such as money laundering, credit card fraud, and the traffic in illegal aliens, illegal firearms, and stolen vehicles. These activities cost the U.S. taxpayer billions of dollars annually by draining capital from U.S. businesses, disrupting the labor market, and putting additional strains on public health, education, and welfare institutions.

The President has cited international drug trafficking and organized crime as forces that "jeopardize the global trend toward peace and freedom, undermine fragile new democracies, sap the strength from developing countries and threaten our efforts to build a safer, more prosperous world." In response, he has made international narcotics and crime control a top foreign policy priority and directed the Bureau to respond aggressively. Our policy is aimed at achieving greater U.S.-led international cooperation focused on the most critical drug and crime targets. On the counternarcotics front, INL's efforts are focussed on reducing drug availability in the U.S. by 50 percent between 1996 and 2007. In the transnational crime arena, INL will strengthen existing programs and create new ones to support the objectives of the President's International Crime Strategy.

¹ Includes FY 1999 Emergency Supplemental funding of \$232.6 million and \$23 million for herbicide research.

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These programs work toward strengthening our borders, ensuring that global criminals have nowhere to hide, attacking international financial and trade crimes, and responding to emerging crime challenges.

Within the broad international Affairs Strategic Plan, INL's primary mandates are embodied in two strategic goals under the law enforcement national interest heading:

- Minimize the impact of international crime on the United States and its citizens and
- Significantly reduce the entry of illegal drugs into the United States.

Supporting Programs and Implementation Strategies:

INL's efforts in FY 2001 will build upon previous international and bilateral programs to combat crime and illegal drug trafficking. Where narcotics are concerned, INL's programs will work to:

- Reduce drug crop cultivation through a combination of enforcement, eradication, and alternative development programs through host government organizations;
- Strengthen the ability of law enforcement and judicial institutions in developing countries to investigate and prosecute major drug trafficking organizations, and to seize and block their assets; and
- Improve the capacity of host nation police and military forces to attack narcotics production and trafficking centers.

With respect to international crime, our programs are designed to:

- Develop training and information-sharing programs to combat money laundering, fraud, and other financial crimes, and the international trafficking of illegal aliens, women and children, stolen vehicles, firearms and nuclear materials;
- Strengthen the International Law Enforcement Academies in Budapest, Bangkok and Gaborone, and create or strengthen additional institutions worldwide; and
- Thwart international crime's ability to undermine democracy and free-market economies in Eastern Europe, Russia, the New Independent States (NIS) and other vulnerable states through strengthening law enforcement and criminal justice systems.

Performance Evaluation:

Despite the enormity of the task and the challenges ahead, INL's programs are achieving success:

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- Eradication and alternative development programs in source countries are eliminating illicit cultivation of coca at record rates. In Bolivia, for example, net cultivation of coca in the first three quarters of 1999 is down by a spectacular 35% from the previous year.
- Last year our international drug control programs helped remove a potential 135 tons of cocaine--worth over \$23 billion in illicit retail sales--off U.S. streets.
- Our global initiatives to strengthen and better regulate financial institutions are making it easier for authorities to identify and track money laundering and seize the assets of organized crime. Working with foreign banking and regulatory officials, U.S. authorities are confiscating hundreds of millions of dollars in cash and bank accounts from organized crime syndicates.
- Agreements were reached with the governments of Ecuador and the Netherlands to establish forward operating locations at Manta, Ecuador and in Curacao and Aruba, to support interdiction and detection and monitoring efforts in those important transit areas.
- A new International Law Enforcement Academy (ILEA) began operations in Bangkok. Like our four-year-old ILEA Budapest program, the purpose of Bangkok ILEA is to strengthen regional law enforcement cooperation and improve performance. In 1999 over 700 law enforcement personnel representing 10 countries participated in courses there. The ILEA in Botswana will begin operations in late FY 2000 or early FY 2001.
- We have been instrumental in focusing the attention of the G-8 Experts Working Group on Organized Crime on tracing electronic evidence across borders; thwarting the trafficking of women, children, and firearms; and adopting mutual legal assistance procedures for the 21st century. We are coordinating with the EU on many of these same issues as well as on combating child pornography on the Internet.
- In February of 1999, INL organized and coordinated The Vice President's Global Forum on Fighting Corruption and Safeguarding Integrity among Justice and Security Officials. Over 500 delegates from 92 nations attended the conference, including one head of state, five vice-presidents, and more than fifty officials of ministerial or equivalent rank.

New Initiatives for FY 2001:

The FY 2001 budget request includes funding for two new initiatives: Law Enforcement Program for Africa and CIVPOL Reserve Contingent.

Law Enforcement Strategy for Africa - The global spread of international crime, including crime emanating from Africa, is unprecedented in scale and poses a serious threat and significant challenge to the United States and other countries. We believe that INL funding for anti-crime and counternarcotics programs for Africa must increase substantially. Additional funding will support a wide range of programs objectives including: encouraging countries to adopt and implement strong narcotics control legislation, improving the efficiency and effectiveness of criminal justice institutions to bring drug offenders to account, and developing bilateral and multilateral mutual legal assistance cooperation; strengthening host nation counternarcotics law enforcement capabilities to deal with drug trafficking, money laundering, and other crimes; helping nations and regional organizations develop institutions capable of combating the potentially destabilizing corruption and lawlessness that accompany large sums of narco-dollars; and developing governmental and NGO capabilities to address drug abuse and prevention.

CIVPOL Reserve Contingent - In order improve our ability to respond to UN requests for CIVPOL under a stand-by force model, INL plans to initially establish a reserve CIVPOL force of 500 – 1,000 officers, similar in concept to the National Guard. Police officers will volunteer but remain in their regular jobs until called for active CIVPOL duty. After completing an initial, non-mission-specific training program, personnel will receive biannual in-service training to maintain an appropriate level of readiness. INL will retain the names of candidates who successfully complete training in a centralized database and share this information with the UN as appropriate. By increasing the number of prospective recruits, we will have a larger pool to draw upon when the need for mission-specific training arises. The ready pool of candidates will facilitate faster mobilization.

Assistance to Plan Colombia:

Colombia and its democratically elected government are facing an urgent crisis that has narcotics, military, and economic dimensions. Narcotraffickers in Colombia now supply about 80 percent of the cocaine and over a third of the heroin used in the U.S. INL's successful crop reduction programs in Bolivia and Peru have forced traffickers to increase the cultivation of coca in Colombia, mostly in areas in which there is little Colombian government control. Marxist rebels and right-wing paramilitaries finance their activities with hundreds of millions of dollars in narco-profits. In order to deal with this situation, the President has proposed an expanded comprehensive program for Colombia, in which INL will play a major role. Increased funding, which is reflected in the "Supplemental and Advance Appropriations" section, will help the Colombian government: push into the coca-growing regions of southern Colombia; increase coca-crop eradication; aggressively interdict cocaine and cocaine traffickers; promote alternative crops and jobs; increase the protection of human rights; expand the rule of law; and promote the peace process.

**FY 2001 INTERNATIONAL NARCOTICS CONTROL
AND LAW ENFORCEMENT REQUEST**
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
<u>NARCOTICS PROGRAMS</u>			
<u>Country Narcotics Programs</u>			
Latin America			
Bahamas	1,000	1,000	1,200
Bolivia	54,000	48,000	52,000
Brazil	1,200	1,500	2,000
Colombia	205,860	50,000	35,000
Ecuador	1,200	1,200	2,200
Guatemala	3,000	3,000	3,000
Jamaica	800	800	1,200
Mexico	8,000	10,000	10,000
Peru	74,540	48,000	48,000
Venezuela	700	700	1,200
Latin America Regional	<u>24,500</u>	<u>9,000</u>	<u>9,500</u>
<i>Subtotal, Latin America</i>	374,800	173,200	165,300
Asia/Africa/Middle East			
Laos	3,700	4,000	4,200
Pakistan	2,200	2,500	3,500
Thailand	2,700	3,000	3,000
Turkey	500	500	500
Asia/Africa/ME Regional	<u>2,800</u>	<u>5,341</u>	<u>3,000</u>
<i>Subtotal, Asia/Africa/Middle East</i>	11,900	15,341	14,200
Interregional Aviation Support	<u>51,000</u>	<u>50,000</u>	<u>50,000</u>
<i>Subtotal, Country Narcotics Programs</i>	437,700	238,541	229,500
<u>Other Narcotics Programs</u>			
Herbicide Research	23,000	--	--
International Organizations	9,200	12,000	12,000
Law Enforcement Training and			
Demand Reduction	8,000	9,000	10,000
Systems Support/Upgrades	2,500	5,000	4,000
Program Development and Support	<u>8,800</u>	<u>9,300</u>	<u>11,500</u>
Total, NARCOTICS PROGRAMS	489,200	273,841	267,000
<u>ANTI-CRIME & LAW ENFORCEMENT</u>			
Anti-Crime Programs	22,370	30,000	25,000
Bosnia Police Programs	5,000	--	--
Civilian Police Contingent	--	--	10,000
Africa Regional Anti-Crime Program	--	--	10,000
TOTAL, INCLE	516,570	303,841	312,000

**INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS
SUMMARY BY FUNCTIONAL ACTIVITY
(\$ in thousands)**

Functional Activity	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Law Enforcement Assistance and Institution Development	297,036	96,031	93,215
Alternative Develop/Eradication	149,815	126,535	118,280
International Organizations	9,200	12,000	12,000
Drug Awareness/Demand Reduction	6,075	10,105	9,605
Law Enforcement Training	6,200	6,500	7,850
Program Development and Support	20,874	22,670	26,050
Total Narcotics Programs	489,200	273,841	267,000
Anti-Crime Programs	27,370	30,000	45,000
Total, Program Plan	516,570	303,841	312,000

LATIN AMERICA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	374,800 ¹	173,200	165,300

National Interests:

The President has made elimination of the Latin American drug threat a national security issue. A Presidential Directive notes that counternarcotics programs are essential to strengthening democratic institutions and defending them against an insidious threat that also undermines free market economies, human rights and environmental protection. In addition, the interagency-cleared National Drug Control Strategy has five overarching goals, two of which relate to national interests in this area. Goal Four is to shield America's air, land and sea frontiers from the drug threat. Goal Five is to break foreign and domestic sources of supply.

Objectives and Justification:

In order to address these national interests and goals, INCLE funds will support a variety of programs, which include the following objectives: reducing drug crop cultivation, processing and transportation of drugs through a combination of interdiction, eradication and alternative development programs; strengthening Latin American law enforcement and judicial institutions' abilities to investigate and prosecute major trafficking organizations; undercutting traffickers' access to their drug proceeds and to financial systems; and increasing international awareness of the drug threat and its consequences to each Latin American country.

In Fiscal Year 2001, \$165.3 million is being requested for the Latin America region to implement the President's goal to reduce drug availability in the U.S. by 50 percent between 1996 and 2007. These funds will be used to attack cocaine and heroin movement from source countries, and to combat emerging methamphetamine trafficking from Mexico. U.S. efforts to eliminate the cultivation of illicit coca and opium poppy are focused on the Andean countries of Bolivia, Colombia and Peru, which account for virtually all of the cocaine coming to U.S. borders, and much of the heroin found in U.S. cities. Funds to break the sources of supply will go toward providing training, aircraft and equipment for the manual eradication of drug crops in Bolivia and Peru; the herbicidal eradication of coca and opium poppy in Colombia; and comprehensive alternative development programs for all three countries to ensure that these farmers return permanently to licit agricultural means of livelihood. The Administration recently unveiled the \$1.273 billion Plan Colombia (a two-year funding plan beginning in

¹ Includes \$232.6 million in emergency supplemental funding.

Department of State

FY 2000, not reflected in this submission) to assist primarily Colombia but includes funding for other Andean and transit countries regarding both crop eradication, alternative development and interdiction activities.

Funding to shield America's frontiers will target major drug transit routes from Latin America to the U.S., which shift from Mexico/Central America to the countries of the western and eastern Caribbean, depending on trafficking trends. Enhancing bilateral programs with Mexico is a major priority, due to its role as the leading smuggling gateway to the U.S., methamphetamine trafficking and the rise of powerful Mexican trafficking groups within the Latin American cocaine hierarchy. For all of these countries, the U.S. goal is to provide equipment, technical assistance and training to support the institutionalization of political will, law enforcement and judicial capabilities so that a sustainable effort can be mounted against the drug trafficking organizations that target the United States.

MAJOR ASIAN COUNTRIES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	9,100	10,000	11,200

National Interests:

Heroin remains our narcotics control priority in Laos, Pakistan, Thailand and Turkey. The first three are both producer and transit countries and Turkey, while no longer producing significant amounts of illicit opium poppy, remains a major transit country for Afghanistan-produced opium and heroin. Available intelligence indicates that the flow of heroin and other contraband to the U.S. is increasing while U.S. addiction rates are rising.

Recent intelligence analysis indicates that Asian heroin accounts for a significant share of the heroin smuggled in to the U.S. The flow of illicit substances to U.S. shores cannot be stemmed without adequate support for counternarcotics efforts by cooperating governments in a region that covers over half the globe. Further, narcotics trafficking has a corrupting effect on both producer and transit countries, threatening to undermine democratic institutions in regions where key U.S. interests exist. Programs designed to enhance law enforcement activities and improve the rule of law in these countries benefit the national interest by preserving the economic and political stability of allies and trading partners.

Objectives and Justification:

While our narcotics control priority in Asia is heroin, the threat to democratic institutions from the growing metamphetamine problem in Thailand means that our assistance there has the dual benefit of curbing heroin trafficking to the U.S. and helping the Thai cope with metamphetamine trafficking. While USG assistance to Thai alternative development programs has resulted in dramatic reductions in opium poppy cultivation there, Thailand remains a transit country for heroin flowing out of Burma to the U.S. and our current efforts seek to enhance interdiction activities throughout Southeast Asia. The proven means of attacking opium poppy cultivation -- alternative development combined with strong enforcement -- are unavailable in the two countries that produce most of the world's opium and heroin: Burma and Afghanistan. We therefore are working through programs in major countries -- Thailand, Laos, Pakistan and Turkey -- to combat the trade, and working through diplomatic and public channels to increase international awareness of the expanding heroin threat.

We also work closely with the United Nations Drug Control Program to address the threats from Burmese and Afghan heroin. We will continue to support crop suppression

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programs in Laos, the third leading producer, Pakistan, and Thailand, where we have government cooperation. Through training, institution building, and information sharing, we will continue to strengthen law enforcement efforts against the major organizations that target the U.S. These programs have shown impressive results in Pakistan and Thailand but must be maintained to guard against recidivism until former poppy producing areas have firmly established alternative means of economic support. The Laos program is still in its infancy but shows great promise. Our assistance to Turkey continues to focus on interdiction and enhanced law enforcement abilities.

ASIA/AFRICA/MIDDLE EAST REGIONAL COOPERATION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	2,800	5,341	3,000

National Interests:

Heroin remains our narcotics control priority in the region while anti-crime programs are of growing importance in Africa and the Middle East as the best means to stem the tide of traffickers who are increasingly using these regions as transit zones. Available intelligence indicates that the flow of heroin and other contraband to the U.S. is increasing while U.S. addiction rates are rising. Recent intelligence analysis indicates that Asian heroin accounts for a significant share of the heroin smuggled in to the U.S. The flow of illicit substances to U.S. shores cannot be stemmed without adequate support for counternarcotics efforts by cooperating governments in a region that covers over half the globe.

Objectives and Justification:

While illicit drug production in Southeast Asia has declined due to poor weather and stronger enforcement, opium poppy cultivation in Afghanistan has exploded. Drug trafficking patterns continue to proliferate through South and East Asia and into the Middle East and Africa, as local criminal organizations prosper and develop into regional, inter-regional and global networks. Weak governments with poorly developed and financed law enforcement infrastructures provide fertile environments in which trafficking organizations have flourished. The transnational character of illicit narcotics trafficking requires a regional approach for multilateral and bilateral programs. Key objectives for the Asia/Africa/Middle East Regional Cooperation program are:

- Encourage countries to adopt and implement strong narcotics control legislation, improve the efficiency and effectiveness of judicial institutions to bring drug offenders to justice, and develop bilateral and multilateral mutual legal assistance cooperation;
- Strengthen host nation counternarcotics law enforcement capabilities to deal with drug trafficking and production, money laundering, and other crimes;
- Develop governmental and NGO institutional capabilities to address drug abuse and prevention; and
- Reduce the cultivation and production of illegal drugs through alternative development and eradication programs.

The FY 2001 regional cooperation program is designed to help governments begin establishing counternarcotics law enforcement units, obtain training or equipment, and conduct demand reduction/public awareness campaigns. The intent is not to establish permanent programs, but to provide seed money for countries to help themselves and to complement UNDCP and other donor programs.

East Asia - The program in East Asia is designed to strengthen countries' law enforcement and judicial institutions and to help them develop the capability to deal with drug abuse by providing training and equipment, and some alternative development assistance. This is particularly true for China, Vietnam and Cambodia, where drug trafficking and abuse are rapidly growing problems, but whose governments have limited experience and capabilities in confronting these challenges. The program will also assist countries in developing legislative and judicial structures to deal more effectively with drug trafficking and money laundering. Small programs to enhance law enforcement and demand reduction capabilities are planned for a variety of countries in the region. The U.S. will also encourage and enhance existing regional cooperation in addressing narcotics control.

South Asia - This program has terminated funding of alternative development/crop substitution programs in Afghanistan due to rapidly expanding opium poppy cultivation there and the failure of the Taliban faction to enforce its poppy ban. Funds intended for Afghan programs for FY 2001 will be redirected to assist interdiction efforts and alternative development by Afghanistan's neighbors. In India, the program supports an important opium yield survey, law enforcement equipment to monitor the licit opium program, and small demand reduction programs run by NGOs.

Africa/Middle East - Beginning in FY 2001, INL is requesting separate funding to institute a new Africa Counternarcotics/Anti-Crime Program (refer to Africa line item in INL Anti-Crime section), however, INL will continue to fund a number of small projects in the Middle East designed primarily to assist with law enforcement institution building. Although training remains the primary focus, particularly customs training and management training for counternarcotics units in transit countries, the program also supports demand reduction programs, technical assistance, and public education campaigns. The U.S. continues to work closely with other donors to coordinate these efforts.

INTERREGIONAL AVIATION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	51,000	50,000	50,000

National Interests:

INL's aviation program is positioned to support host governments worldwide in their efforts to locate and eradicate drug crops, interdict drug production and trafficking activities, and develop their own institutional counternarcotics aviation capabilities.

The aviation program continues to work aggressively toward the strategic goal of significantly reducing the amount of illegal drugs entering the U.S. by eradicating raw materials for drug production where they are cultivated. Aerial eradication represents the most cost-effective method of illicit drug crop control, affording opportunities for large scale, fast moving campaigns. In those countries that have not yet initiated aerial eradication, aircraft are essential for transporting manual eradicators to otherwise inaccessible and/or unsecured drug growing areas.

INL's air program also provides crucial helicopter support to host country activities to interdict production and trafficking activities, ultimately reducing illegal drug entry into the United States. Aviation reconnaissance resources are an essential element in locating, identifying and targeting drug activities, as well as verifying the results of operations. Medium-lift airplanes facilitate the movement of personnel and equipment to remote, underdeveloped, inaccessible, or unsecured regions where both infrastructure and law enforcement presence are minimal.

The Aviation Division is also furthering the operational goal of enhancing political determination to combat illegal drug production and trafficking by working hands-on with host government technical aviation personnel. By instilling aviation technical and management skills and transferring technology, INL is building long-lasting institutions that have the personnel resources and resolve to assume increased responsibility for counternarcotics air activities.

Objectives and Justification:

The Interregional Aviation program contains the following objectives:

- Aerially-eradicate drug crops with herbicides;
- Support institution building of cooperating host government counternarcotics aviation programs;

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- Destroy cocaine and heroin processing laboratories and interdict drug trafficking activities by aerial transport of host government law enforcement personnel;
- Conduct aerial reconnaissance to locate drug crops and production facilities and verify eradication program results; and
- Develop and implement technological innovations to improve effectiveness and safety of aerial eradication and interdiction efforts.

In FY 2001, the interregional aviation program will continue to: respond to aerial eradication requests from Latin American countries; support eradication programs in Guatemala, Belize, Panama, Venezuela, Costa Rica, Ecuador, Honduras, Paraguay, Nicaragua, El Salvador, and Colombia; and provide support for helicopter operations in Peru and Bolivia. The aerial eradication campaign in Colombia will continue to receive special emphasis, with continued expansion of successful eradication efforts from the Guaviare and Caqueta regions to Putumayo. A high level of support will continue in Colombia in the areas of flight operations and instruction, maintenance quality control, and repair parts. This will help maintain a capability to sustain a high aerial eradication sortie rate against illicit crops. Simultaneously, we will conduct intensive training of police and military counternarcotics elements to make their assumption of increased responsibility for these areas possible. Successful training and institution building in Bolivia and Peru will also allow us to continue to reduce U.S. contractor presence there.

The Aviation Division will continue to pursue technological innovations to improve aircraft performance and explore new variations of aircraft to enhance eradication capabilities at a reasonable cost. Further emphasis will be placed on programs to upgrade spray aircraft capabilities, including possible employment of the A-10 aircraft for spray missions and night missions. Finally, the Aviation Division plans to continue to phase in additional State Department direct-hire or contract personnel as replacements for DOD detailees to ensure continuity of operations.

INTERNATIONAL ORGANIZATIONS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	9,200	12,000	12,000

National Interests:

As a result of the June 1998 United Nations General Assembly Special Session, international organizations are becoming increasingly important to international drug control. This meeting renewed the global commitment to combat illicit drugs and underscored the growing emphasis on such multilateral issues as chemical control, money laundering and maritime cooperation, and the elimination of illicit drug crops. By supporting programs that promote the construction of effective counternarcotics institutions, we are also promoting democracy and the rule of law. U.S. support for multilateral organizations offers several advantages over unilateral action, such as stimulating increased contributions from other donors and countering the misperception that drugs are exclusively a U.S. problem. Multilateral programs can also reach regions where the U.S. is unable to operate bilaterally, for political or logistical reasons. In addition, activities or initiatives sponsored by the UN, the Organization of American States (OAS) and other multilateral organizations are often more palatable to countries with sovereignty sensitivities and bring the weight of the international community to bear on a problem or an issue of general concern.

Objectives and Justification:

INL provides funds to international organizations such as the United Nations Drug Control Program (UNDCP), the OAS Inter-American Drug Abuse Control Commission (CICAD) and the Colombo Plan's Drug Advisory Program. Additionally, UN agencies, international financial institutions and multilateral banks engaged in development programs in drug source countries have a role to play by factoring counternarcotics goals into their activities. INL promotes programs through UNDCP for these bodies to carry out. Key U.S. objectives for international organizations are:

- Maintain strategic leadership in focusing and guiding the international drug control effort and create a political atmosphere which encourages other countries to view drug control as a major foreign policy concern and motivates them to strengthen domestic measures;
- Assist countries in developing the institutional infrastructure to reduce the production and trafficking of drugs by strengthening law enforcement agencies, modernizing judicial systems, and developing drug laws so that countries can investigate, prosecute, and punish major drug kingpins, and to reduce the demand for drugs;

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- Use UNDCP, OAS/CICAD, Colombo Plan and other international organizations to plan and execute programs which expand multilateral cooperation, advance U.S. international drug control goals or take the place of U.S.-funded programs in countries where there is limited U.S. presence; and
- Support efforts to make drug control an integral part of UN programs and to ensure that a wide range of UN assistance efforts further counternarcotics goals.

Continued USG assistance for the UNDCP in FY 2001 is needed to sustain Executive Director Arlacchi's efforts to pursue a global strategy to eliminate opium and coca in ten years. INL funds will be used to:

- support the global strategy to eliminate illicit cultivation, including pathogen research;
- begin and sustain projects in the largest opium producing areas of South East Asia where the U.S. has limited access (e.g., Burma, Laos, China, Vietnam, China);
- support and leverage additional European support for programs in Southwest Asia where opium cultivation is escalating, specifically in Afghanistan and Pakistan;
- establish drug control institutions and regional cooperation in the NIS;
- coordinate and provide law enforcement training, judicial assistance, and demand reduction assistance to strengthen the counter-drug institutions in Central Europe and Africa;
- provide additional technical assistance to support the strengthening of host government institutions in the Western Hemisphere involved in the investigation, prosecution, and confinement of major drug traffickers;
- continue legal advice to assist the drafting and implementation of legislation to implement the 1988 UN Convention;
- continue chemical control training to assist governments to implement chemical control regimes;
- continue a maritime cooperation training program.

INL will continue to be CICAD's primary funding source in the years ahead. The FY 2001 budget request will support the effective operation of the Multilateral Evaluation Mechanism (MEM) and enable CICAD to provide the follow-up technical support and training that Member States will need to address shortcomings identified in national or regional anti-drug efforts. Funding will encompass program activities that:

- strengthen national drug commissions;
- enhance national performance and regional cooperation on control of drug smuggling, money laundering, chemical diversion, and arms trafficking;
- provide specialized law enforcement training, such as customs inspection and maritime interdiction;
- promote administration of justice reform;

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- reduce or prevent drug abuse; develop or refine sub-regional models and curricula for drug awareness education (school- and community-based);
- promote best practices or establish regional standards for drug treatment; mobilize communities against drug abuse and trafficking;
- promote sustainable alternative development in drug-producing regions.

INL funds will expand the Colombo Plan's prevention and treatment networks, in addition to linking the Asian networks to their counterparts in Latin America and other regions of the world in the establishment of the first global prevention network. FY 2001 funding will also support: continuing workshops on the development of model after-care facilities and drug intervention programs for juveniles in correctional settings, evaluation of model treatment and rehabilitation programs for adults/juveniles in correctional settings, workshops for integrated policy development and implementation for the national-level drug secretariats of key producing and transit countries.

NARCOTICS LAW ENFORCEMENT TRAINING AND
DRUG AWARENESS AND DEMAND REDUCTION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	8,000	9,000	10,000

National Interests:

This program category includes two discrete functional activities. Law Enforcement Training is designed to assist cooperating countries in creating effective national organizations for investigating drug trafficking and interdicting illegal narcotics. Drug Awareness and Demand Reduction seeks to reduce the worldwide demand for illicit drugs by motivating foreign governments and institutions into giving increased attention to the negative effects of drug abuse upon society. Both programs support the national interest of reducing the entry of drugs into the U.S. by providing technical expertise to foreign law enforcement, policy and demand reduction organizations. It is important to note that additional law enforcement training and demand reduction programs are also funded from other parts of the INCLE budget.

Objectives and Justification:

Narcotics Law Enforcement Training

International anti-narcotics training is managed and funded by the U.S. Department of State and carried out by the Drug Enforcement Administration (DEA), the U.S. Customs Service and the U.S. Coast Guard. Since 1971, INL has transferred over \$120 million to DEA, Customs and the Coast Guard, resulting in training for more than 70,000 foreign anti-narcotics officials. Generally, training programs in the U.S. are tailored to senior-level management and policy-level officials, while programs offered overseas are reserved for operational personnel.

Program objectives for the Narcotics Law Enforcement Training category are as follows:

- Contribute to the basic infrastructure for carrying out counternarcotics law enforcement activities in cooperating countries;
- Improve technical and investigative skills of anti-drug law enforcement personnel in key narcotics countries; and
- Increase cooperation and coordination between U.S. and foreign law enforcement officials.

INL-funded training will continue to support the major U.S. and international strategies for combating narcotics trafficking worldwide. Emphasis will be given to

promoting training on a regional basis, and to contributing to the activities of international organizations, such as the UNDCP and the OAS. INL will continue to furnish programs only to those countries considered to be high priority for U.S. anti-narcotics interests. Through the meetings of major donors, the Dublin Group, UNDCP and other international fora, INL will coordinate with other providers of training, and urge them to shoulder greater responsibility in providing training that serves their particular strategic interests.

Programs dealing with financial crimes (e.g., methods for promoting asset seizure and combating money laundering) will continue to expand. INL will maintain its role of coordinating the activities of Washington-based agencies in response to assistance requests from U.S. embassies. This will avoid duplication of effort, and ensure that presentations represent the full range of USG policies and procedures.

Drug Awareness and Demand Reduction

Drug awareness and Demand Reduction programs seek to reduce the worldwide demand for illicit drugs and minimize the flow of narcotics to the U.S. by stimulating foreign governments and institutions to increase attention to the effects of drug abuse on their societies, and to target trafficking groups responsible for these problems. Key objectives of Drug Awareness and Demand Reductions are to:

- Strengthen the ability of host nations to conduct more effective demand reduction efforts on their own;
- Encourage drug producing and transit countries to invest resources in drug awareness, demand reduction, and training to build public support and political will for implementing counternarcotics programs;
- Improve coordination of, and cooperation in, international drug awareness and demand reduction issues involving the U.S., donor countries and international organizations; and
- Utilize accomplishments in the international program to benefit U.S. demand reduction services at home.

INL-funded training for FY 2001 will continue to strengthen host nation counternarcotics institutions so they can conduct more effective demand reduction and public awareness programs on their own. The program will give particular attention to cocaine producing and transit countries in Latin America and address the heroin threat from Southeast Asia. Another area of focus will be in countries of Eastern Europe and the former Soviet Union. These activities will be undertaken in collaboration with other donor countries and international organizations to reflect the Administration's emphasis on increased multilateral activities.

The training and technical assistance program in FY 2001, however, goes beyond the traditional emphasis on treatment, prevention, education, and public awareness. While training will be increased in these four areas, the program will continue to expand its FY 2000 emphasis on the development of national, regional, and international coalitions

of public/private sector organizations to strengthen international cooperation and actions against the drug trade.

The Public Awareness Program will enhance the ability of host countries to build public support and strengthen the political will for implementing counternarcotics programs. Training will focus on the development of national-level drug awareness campaigns that demonstrate connections between the drug trade and other concerns such as economic growth, democracy and the environment. On the local level, training will focus on the establishment of effective drug awareness/education campaigns in schools and the community, including the use of media and advertising resources. Technical assistance will focus on helping host governments conduct sustained drug awareness campaigns by developing linkages between the corporate sector and the mass media.

The Demand Reduction Program budget request will accommodate the increased need for training, enhance the development of regional and national anti-drug partnerships, and facilitate cross-cultural, comparative research designed to improve U.S.-based services. At the policy level, the program will focus assistance on building and strengthening national-level counternarcotics institutions with the capacity to develop comprehensive counternarcotics policies, programs, and strategies. At the regional level, the program will enhance international coalitions of NGOs developed from FY 1996-2000 to mobilize international opinion against the drug trade and encourage governments to develop and implement strong counternarcotics policies and programs.

SYSTEMS SUPPORT AND UPGRADES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	2,500	5,000	4,000

National Interests:

The Systems Support and Upgrades program continues to work aggressively toward the strategic goal of significantly reducing the amount of illegal drugs entering the U.S. by providing technical engineering support for aircraft configurations and upgrades. Both aerial eradication and aircraft denial programs represent cost-effective methods of eradicating illicit drug crop control and providing aerial platforms for surveillance and detection.

Objectives and Justification:

The Systems Support and Upgrades program supports the following objectives:

- Provide program cost savings through standardization of services, support and upgrade aviation performance characteristics through economy of scale procurement;
- Provide standardization and sustainment support to those countries having received C-26 aircraft from the United States; and
- Provide flexibility for contracting cost fluctuations by maintaining a separate account for equipment upgrades and other contracting requirements.

INL initiated the Systems Support and Upgrade Project to include C-26 support, an airborne surveillance initiative, refurbishment of OV-10 Broncos, and upgrade of UH-1H helicopters. Through this funding, specialized systems that were previously not available were to be provided to meet counternarcotics mission requirements in support of surveillance, detection, eradication, interdiction and logistics. This project also allowed INL to improve the performance characteristics of existing systems to better utilize their capability, extend their useful life, and increase the effectiveness of reconnaissance, eradication and interdiction efforts.

INL has contracted for engineering and modification services to modify C-26 aircraft with a suite of surveillance sensors. To ensure effective utilization of these powerful resources, host countries must be taught the appropriate tactics, techniques, and related doctrine that will lead to a "systems" approach in their counter-narcotics surveillance and interdiction efforts. Additionally, with appropriate information management protocols in

place, these host nation operations will generate surveillance information of import to the U.S. and other donor nations. As C-26 operations mature, the need for optimized sparing protocols (both airframe and sensor system) will be of increasing importance. An appropriately tailored sparing protocol could save C-26 user nations as much as 50 percent of the cost of traditional spares packages.

INL PROGRAM DEVELOPMENT & SUPPORT
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	8,800	9,300	11,500

National Interests:

Within the U.S. Department of State, the Bureau for International Narcotics and Law Enforcement Affairs has been charged with developing strategies and initiatives to achieve international counternarcotics and criminal justice policy national interest objectives. The INL Bureau maintains a cadre of program and technical experts to meet various overseas and domestic requirements.

Objectives and Justification:

INL Washington staff activities include but are not limited to the following objectives: overall policy formulation, guidance and analysis; developing, guiding, evaluating and backstopping programs overseas; conducting periodic visits to embassy narcotics affairs sections to review, analyze, and make recommendations on programs and funds control; developing or sponsoring management control seminars for overseas staff; developing training programs for new personnel; and coordinating policy and programs with other agencies and governments.

Program Development and Support (PD&S) funds provide for the domestic administrative operating costs associated with the Washington-based INL staff. Approximately 65 percent of the requested PD&S funds will be used for salaries and benefits of direct-hire INL employees, in addition to other part-time employees, contractors, reimbursable support personnel and re-hired annuitants.

Currently, these funds support 148 domestic and overseas direct-hire American and Foreign Service National staff. Another 22 domestic positions are not funded from PD&S; one is based in Miami and is funded from Latin America Regional program funds, and eight are in direct support of interregional aviation activities and are therefore funded from that portion of INL's budget. The rest are involved in anti-crime activities and are funded by the Department of State's Diplomatic and Consular Programs account.

Staff travel is also provided under PD&S funding and is essential to review and evaluate the many programs INL supports worldwide, as well as to promote and advance international counternarcotics and criminal justice foreign policy objectives. In addition, PD&S funds are used for the following: other services including computer service personnel, computer maintenance and payments to the U.S. Department of State for the support services they provide; utilities, primarily telephone; computer equipment,

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software and office furniture; printing and reproduction (e.g., Congressional Presentation Document and the International Narcotics Control Strategy Report); and supplies and materials.

INL ANTI-CRIME PROGRAMS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE ¹	27,370	30,000	25,000

National Interests:

The threat to U.S. interests posed by international crime can be viewed in three broad, interrelated categories: threats to Americans and their communities, threats to American businesses and financial institutions, and threats to global security and stability. The impact of international crime is felt directly on the streets and in the communities of the U.S. International terrorism has reached inside our borders, hundreds of thousands of individuals enter illegally each year, and there is wide-scale smuggling of contraband -- drugs, alcohol, tobacco, firearms, stolen cars, and child pornography. These activities and those who carry them out must be dealt with decisively and with the full power of law enforcement, intelligence and diplomatic efforts. Only by concerted efforts at home and by forging alliances with our international partners will we ensure the protection of important U.S. interests today and tomorrow.

Objectives and Justification:

The Secretary of State mandated the Bureau of International Narcotics and Law Enforcement Affairs to fund, coordinate, and provide policy guidance for international crime matters. This includes responsibility for law enforcement training assistance and procurement of equipment for those countries in which international criminal activity arises. The key objectives are to:

- Combat the growing threat to U.S. national security posed by international organized crime;
- Assist emerging democracies to strengthen their national judicial and law enforcement institutions' capabilities to counter illegal criminal activities through training, equipment, technical assistance and by sponsoring coordination task forces;
- Strengthen efforts by the UN and other international organizations to assist member states to combat international criminal activity;

¹ Includes \$25 million for regular anti-crime programs, \$10 million for CIVPOL (new) and \$10 million for Africa anti-crime programs (new) for FY 2001.

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- As required by the UN Resolutions, complete negotiations on an Organized Crime Convention and protocols covering firearms trafficking and the trafficking in persons, especially women and children, and smuggling of migrants, including smuggling by sea;
- Continue to provide technical assistance and training with the goal of building stronger law enforcement networks to address uncontrolled trafficking in small arms, intellectual property rights, combat financial crimes and money laundering;
- Provide training programs and technical assistance to help curb alien smuggling, trafficking in women and children, and violence against women and children;
- Continue to support the Migrant Coordination Center established to coordinate the U.S. response to the increase in migrants attempting illegal entry; and
- Continue the support of the Budapest, Bangkok, Botswana, and Western Hemisphere International Law Enforcement Academies.

The U.S. is making strides globally towards enhancing international cooperation in the fight against international organized crime. In FY 1999, over 4,000 law enforcement officers from Central Europe, the New Independent States (NIS), and Southeast Asia received training under INL's Anti-Crime Training and Technical Assistance Program. The INL-funded International Law Enforcement Academy (ILEA) in Budapest and Bangkok trained numerous police managers during its eight-week and specialized training programs this past year. In early 1999, the new ILEA in Bangkok began operations to train law enforcement personnel from that geographic region.

INL has developed a training program for providing law enforcement, rule of law and central bank training and assistance to emerging democracies for financial crimes. A prime focus of the training program is a multi-agency approach to addressing international financial crimes, law enforcement development, organized crime and counter-narcotics training. During FY 1999, INL funded numerous programs to combat international financial crimes, focusing on money laundering. Nearly every federal law enforcement agency assisted in this effort by providing basic and advanced training courses in all aspects of financial criminal activity.

An initiative to work with the National Insurance Crime Bureau, the FBI and U.S. Customs Service (USCS) is designed to recover stolen U.S. vehicles from Central America and the Caribbean. The U.S. has developed a model treaty and training program for local law enforcement to identify, recover, and return stolen vehicles to their owners. INL-sponsored Alcohol Tobacco and Firearms/USCS training provided Basic Firearms Trafficking courses in Latin America and the Caribbean, and advanced courses (conducted in the U.S.) for fifteen countries from these regions. Teams from these two

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agencies also performed needs assessments and assisted authorities in tracing seized firearms in ten countries.

Since 1993, an inter-agency working group chaired by INL has coordinated the interdiction of nearly 30 Chinese alien smuggling vessels and the return of their illegal immigrants to China. The United Nations General Assembly, the United Nations Crime Commission, and the International Maritime Organization have adopted resolutions condemning alien smuggling and directing the creation of protocols to the Organized Crime Convention regarding alien smuggling and trafficking of women and children. Beginning in 1999, the UN Crime Commission has deliberated on these two protocols, with the intention of completing work for the October 2000 UN General Assembly session. The U.S. must ensure it is able to carry out the requirements of these protocols and assist other nations to comply.

The INL FY 2001 budget request is based on the requirements set forth in PDD-42, "International Organized Crime," and reflects the consolidated management of law enforcement and police training programs. INL will use federal, state and local law enforcement agencies, the International Criminal Investigative Training Assistance Program (ICITAP), the Office of Overseas Prosecutorial Development (OPDAT), and other organizations to provide law enforcement training programs and technical assistance to the NIS, Russia, Central and Eastern Europe, Latin America, Africa and Asia. The program will place significant emphasis on financial crimes, money laundering, alien and weapons trafficking, and combating organized and financial crime. Program activities are broken out as follows:

NIS, Russia, and Central Europe

Russia and the New Independent States - INL will fund advanced training programs and regional legal advisors to strengthen the capacity of the governments of Russia and other states in this region to combat the activities of organized crime, including financial crimes and illegal trafficking. INL will continue to fund training and technical assistance programs in Russia and the NIS carried out by the FBI, Secret Service, DEA, Customs, OPDAT, ICITAP, IRS, State's Office of Diplomatic Security and other U.S. Federal law enforcement agencies. Such support will focus on financial crimes, money laundering, organized crime, domestic violence and drug trafficking.

Central Europe - INL will support law enforcement training and technical assistance programs, such as an expanded Resident Legal Advisor program in Central Europe, as SEED Act funding permits.

ILEA - INL will continue funding for law enforcement and criminal justice training programs at the ILEA in Budapest. The ILEA's provide an eight-week personal and professional development program for approximately 1,000 mid-level police managers each year. In addition, over 1,600 criminal justice officials receive specialized training yearly on a wide range of anticrime subjects.

Alien Smuggling/Trafficking in Women and Children - INL will assist the NIS, Russia, South East Asia, and Central and Eastern Europe to more effectively combat alien

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smuggling and trafficking in women and children. In addition to training, resident legal advisors will assist these countries to enact anti-smuggling/trafficking legislation. INL will continue to work with international organizations to promote cooperation among sending, transit and receiving countries. The establishment of the Migrant Trafficking Coordination Center will assist the U.S. more clearly focus its efforts to combat alien smuggling/trafficking.

Legal and Regulatory Reform - Working with Justice and Treasury agencies, INL will continue the development of programs to assist central banks and other financial institutions to prevent and investigate financial fraud and money laundering. INL will also provide legal assistance and regulatory reform programs on witness protection, community policing, and drug and crime prevention, including prevention and investigation of domestic violence and sexual assault, alien smuggling and trafficking of women and children, and trafficking in small arms and automobiles.

Latin America

Law Enforcement Training - INL will support programs to assist justice sector, law enforcement and regulatory agencies in Latin America and the Caribbean in their efforts to combat international criminal activities, particularly financial fraud, alien smuggling and money laundering. These programs will be designed to complement INL's ongoing in-country counternarcotics and crime programs.

Stolen Cars - INL will fund the next phase of the program to negotiate bilateral agreements with regional governments. These agreements will provide standard procedures for the recovery and return from Central America of stolen U.S. vehicles and provide training for law enforcement agencies to reduce the several hundred million-dollar losses in car theft from the U.S. each year.

Alien Smuggling/Trafficking in Women and Children - Through INL's efforts, many Latin American countries are beginning to improve their efforts to combat alien smuggling by enacting anti-smuggling legislation, and by coordinating enforcement operations against alien smugglers. INL will continue to assist these countries combat alien smuggling through training, information sharing and coordinated enforcement operations.

Firearms Trafficking - INL will coordinate the third year of a joint ATF/Customs training program to assist Latin American countries to develop their own programs to combat firearms trafficking as required by the OAS Convention. Assistance will include teaching weapons identification, classification, nomenclature, markings for the purpose of conducting traces, and procedures for requesting U.S. law enforcement assistance.

Africa and East Asia

Africa - INL, in conjunction with Treasury, Justice, Defense, CIA, and other State Department bureaus, will continue to support the small arms program that provides law enforcement training and technical assistance in newly emerging democracies. INL also will provide technical assistance on illegal trafficking in nuclear materials, community-based policing, administration of justice, money laundering and legislative and judicial

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reform. INL will provide the necessary resources to the Southern Africa ILEA, and begin the post training evaluations.

East Asia - INL will provide law enforcement training to prevent financial fraud and money laundering, combat organized crime groups involved in alien smuggling and/or trafficking in women and children, and counteract intellectual piracy. ILEA Bangkok will explore the need to improve the Academy's physical plant, and begin post academy evaluation.

ILEA - INL will complete will begin the expansion of its training program at the newly established ILEA in Botswana. The personal and professional development program specifically tailored for that region will be presented to additional mid-level police managers during the year. ILEA Bangkok will expand its physical plant to better accommodate the increased student population in a more academic setting. The number of personal and professional development programs will expand along with specialized courses.

Multilateral Organizations/Other

International Criminal Investigative Training Assistance Program (ICITAP) - INL will fund ICITAP law enforcement, and forensics training will be provided for countries in transition from civil strife or military rule to democratic rule (e.g., Haiti, Bosnia, the Middle East, Africa, and the Far East).

Multilateral Organizations and Initiatives - Funding for the UN's Crime Prevention and Criminal Justice Branch and other multilateral organizations will be provided for specific justice sector and law enforcement training and technical assistance programs, including the trafficking of women and children.

Financial Action Task Force (FATF) - Contributions to key research activities and meetings of the FATF, not otherwise funded by the USG, international organizations, or operational expenses of the office will aid in addressing money-laundering crimes (e.g., Asia/Pacific Group; Caribbean Financial Action Task Force; OAS/CICAD and the Council of Europe).

Program Support - INL funding will support established narcotics and law enforcement affairs offices in Kiev and Moscow, including salaries and administrative costs. Support funds will also be applied to certain domestic administrative costs associated with programs directed against transnational organized crime.

Civilian Police Contingent

U.S. involvement in international civilian police (CIVPOL) operations is relatively new. Starting in 1994 with the U.S.-led multinational intervention to restore the democratically elected government in Haiti, U.S. participation in CIVPOL operations has increased from 50 to over 700 experienced police officers assigned in Bosnia, Croatia, Kosovo, and East Timor.

Participation in CIVPOL requires a comprehensive program to recruit, screen, train, equip, pay and support U.S. police officers deployed overseas. The existing U.S. capacities in this area should be substantially improved from the weeks or months it now takes to respond to an international call for help. This program provides the resources to develop a voluntary reserve of 1,500-2,000 personnel who would remain in their regular jobs until called for duty.

After completing an initial training program, personnel would receive regular in-service training to maintain an appropriate level of readiness. The names of trained individuals would be maintained in a central U.S. database to draw upon when the need arises for fast mobilization of trained law enforcement personnel.

Africa Regional Anti-Crime Program

Most of the limited counternarcotics and anti-crime funds spent to date in Africa have been focused on narcotics problems in Nigeria and South Africa. African criminal groups that operate in these countries are now spreading throughout the region and increasing their geographic diversification. Countries as disparate as Malawi, Ethiopia, and the Ivory Coast have been drawn into the drug trade. Nigerian and South African criminal organizations have matured and become transnational concerns that exploit whatever weakness they can find or, with their growing sums of money, create. The law enforcement assault on these organizations must be region-wide and closely coordinated.

The USG needs to dedicate more funds to fight this growing regional problem. Future programs will continue to concentrate on Nigeria and southern Africa, but will also aid other governments and regional organizations, so that African organized crime will be reduced, and eventually eliminated, not just displaced to other countries in the region.

Under this new initiative for FY 2001, training will remain paramount in the Africa program. Customs training, police science training, specialized training for counternarcotics units, demand reduction programs, technical assistance and public education campaigns will account for the majority of Africa regional funding. Material assistance will also increase, with communications equipment, vehicles, computer databases and other equipment being provided to police organizations that work closely with U.S. law enforcement on transnational crime problems that affect the U.S.

MIGRATION AND REFUGEE ASSISTANCE
AND
EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND
OVERVIEW
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	639,970	622,625	658,212
MRA Supplemental ¹	266,000	--	--
ERMA	30,000	12,452	20,000
ERMA Supplemental	165,000	--	--
Total	1,100,970	635,077	678,212

National Interests:

Humanitarian Response is a national interest as well as a strategic goal in the United States International Affairs Strategic Plan (IASP). Among the Department's principal funding components for achieving several elements of this goal are the Migration and Refugee Assistance (MRA) appropriation, together with the U.S. Emergency Refugee and Migration Assistance (ERMA) Fund for unexpected, urgent refugee and migration needs. Either directly or through contributions to international organizations such as the UN High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the International Committee of the Red Cross (ICRC), these funds support programs for the protection of refugees and conflict victims, the provision of basic needs to sustain their life and health, and the resolution of refugee problems through voluntary repatriation, local integration, or permanent resettlement in a third country (including the United States), as well as efforts to manage international migration flows humanely and effectively. The total FY 2001 request of \$678,212,000 for refugee and migration assistance funding consists of \$658,212,000 for the MRA appropriation, and \$20,000,000 for the ERMA Fund.

Programs funded by these appropriations also contribute to foreign policy goals pertaining to national security, including preventing and solving crises, promoting cooperation, and international peacekeeping (when done in the context of humanitarian emergencies), as well as to goals contained under global issues, including the protection of health and the environment. For FY 2001, the following areas have been identified as specific goals for MRA funding:

¹ The Kosovo Emergency Supplemental (P.L. 106-31) was appropriated during FY 1999 and was made available for obligation until September 30, 2000. Of this amount, \$1,500,000 was transferred to USIA, \$97,902,638 was obligated in FY1999, and \$166,597,362 is available for obligation until September 30, 2000.

Protection - Promote equal access to effective protection and first asylum to refugees and conflict victims.

Response Capacity and Standards of Care - Maintain viable and efficient international humanitarian response mechanisms to respond to the needs of refugees and victims of conflict at internationally accepted minimum standards.

Voluntary Repatriation and Reintegration - Support voluntary repatriation of refugees and provide a catalyst for their sustainable reintegration in the country of origin.

International Migration - Support efforts to manage international migration flows humanely and effectively.

Resettlement - Provide resettlement opportunities to refugees and encourage other countries to do so.

Objectives and Justification:

The MRA appropriation supports programs that uphold the humanitarian principles the United States shares with others in the international community by providing assistance to victims of persecution and civil strife. Either directly or through contributions to international organizations such as UNHCR, IOM, UNRWA, and the ICRC, these funds support programs for the protection of refugees and conflict victims, the provision of basic needs to sustain their life and health, and the resolution of refugee problems through voluntary repatriation, local integration, or permanent resettlement in a third country (including the United States), as well as efforts to manage international migration flows humanely and effectively.

The MRA is an annual appropriation used to fund: (1) overseas assistance activities, which support the first four goals outlined above; (2) the admission of refugees to the United States, supporting the resettlement goal; (3) a grant to support the resettlement of humanitarian migrants in Israel, supporting the international migration goal; and (4) the majority of administrative expenses of the Bureau of Population, Refugees, and Migration (PRM). The ERMA Fund is a no-year appropriation, drawn upon by the President to "meet unexpected urgent refugee and migration needs" when it is determined to be "important to the national interest" to do so.

Overseas Assistance - This request will support the continuing assistance requirements for populations of concern, and will focus on the following priorities:

- Assuring that basic international life-sustaining standards of care and protection are provided across geographic regions, particularly in Africa;
- Working with other governments, international organizations, and NGOs to enhance international protection for vulnerable groups and address the physical security of refugees, conflict victims, and humanitarian workers;
- Enhancing basic education opportunities for refugees worldwide, especially for women and girls;
- Addressing important psycho-social needs of recovering communities;

Department of State

- Increasing migration policy activities that promote support for basic human rights of migrants, and warn them of risks associated with irregular migration;
- Expanding our consultation and coordination with other donors and the international organizations to ensure that the collective international effort meets critical humanitarian needs in the most efficient manner possible.

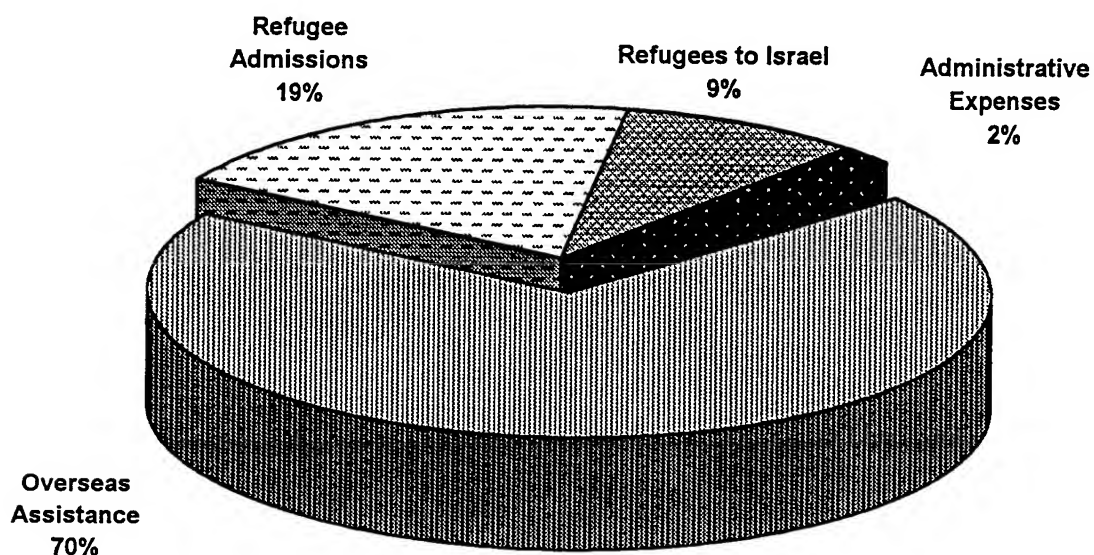
Refugee Admissions - This request will support a minimum of 76,000 admissions of refugees to the United States; if cost savings are achieved, 80,000 admissions could be supported. The President, following the FY 2001 Congressional consultation process, will determine the final number and regional allocations. Refugee admissions are supported through PRM funding of:

- Private U.S. voluntary agencies that conduct refugee processing and cultural orientation overseas, as well as provide initial reception and placement services in the United States.
- The International Organization for Migration (IOM), which provides transportation, processing, medical screening services, and cultural orientation for refugees coming to the United States.

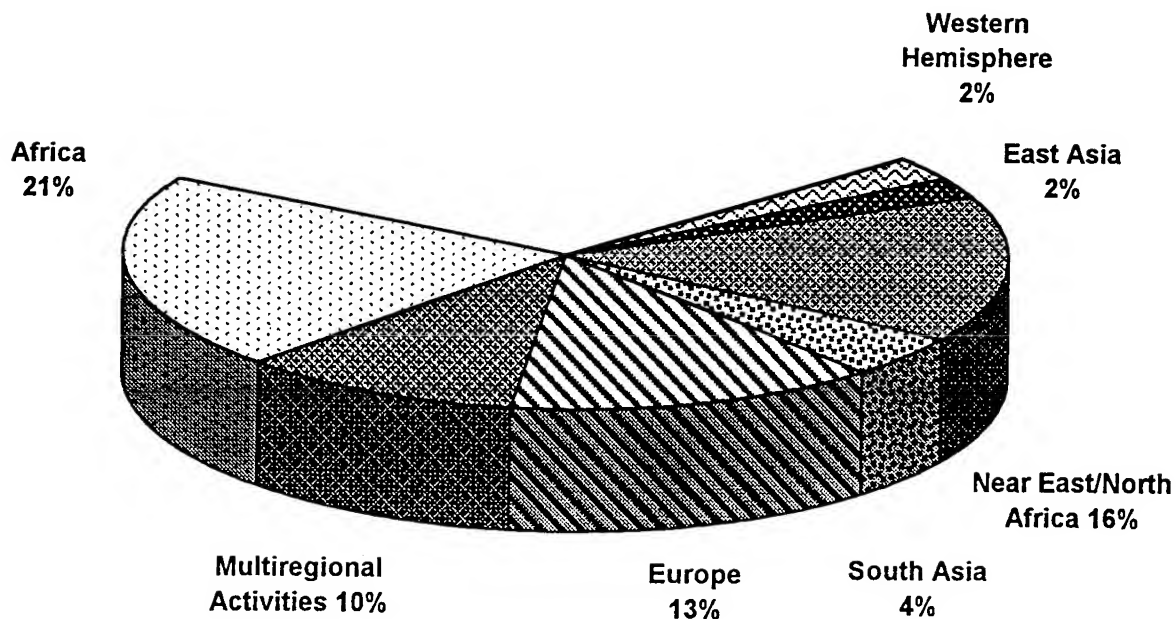
Refugees to Israel - This request will provide a grant to the United Israel Appeal in support of humanitarian migrants in Israel from the Former Soviet Union and other countries of distress.

Administrative Expenses - This request finances the administrative expenses of a staff of 110 permanent positions in the Bureau of Population, Refugees, and Migration. (Costs related to a staff of six permanent positions dedicated to international population activities are included in the Department of State's Diplomatic and Consular Programs budget request.)

**FY 2001 BUDGET REQUEST
MIGRATION AND REFUGEE ASSISTANCE
TOTAL: \$658,212,000**



↓
**OF WHICH, OVERSEAS ASSISTANCE
TOTALS: \$457,360,000**



MIGRATION AND REFUGEE ASSISTANCE
OVERSEAS ASSISTANCE
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	454,640	455,925	457,360
MRA Supplemental	225,500	--	--
Total	680,140	455,925	457,360

The FY 2001 overseas assistance request is \$457,360,000, an increase of \$1,435,000 from the FY 2000 estimate. However, \$126,197,362 from the Emergency Supplemental Appropriation¹ will still be available in FY 2000 for overseas assistance in Europe; therefore, the FY 2001 request for Europe is a decrease of \$94,780,362 million from the amount available in FY 2000 for overseas assistance in Europe. While there are continuing assistance requirements for refugees and other populations of concern, this decrease reflects the assumption of reduced demands for refugee assistance in Southeastern Europe in FY 2001.

The primary purposes of overseas assistance funding are to meet international protection and short-term, life-sustaining needs of refugees and conflict victims, and to support durable solutions, notably voluntary repatriation. Many nations hosting large groups of refugees and victims of conflict are among the world's least developed. The refugees' presence often strains limited resources and may result in serious problems that affect U.S. foreign policy interests.

A continuing element of the assistance effort will be support for lasting solutions to refugee problems. The FY 2001 request will be used to respond to programs as they evolve from care and maintenance in first asylum countries to self-sufficiency or repatriation. Funds also may be used to assist in the initial reintegration of refugees who have repatriated. U.S. support for repatriations will be provided from MRA funds to the extent possible, once basic care and maintenance requirements for existing refugee populations have been met.

U.S. international migration policy aims to promote sound migration management, which balances governmental respect for the human rights of migrants with governmental responsibility to maintain the security of its territory. MRA funds will support activities to promote international understanding of migration with a special emphasis on protection for those in need of it.

U.S. refugee policy is based on the premise that the care of refugees and other conflict victims, and the pursuit of permanent solutions for refugee crises, are shared

¹ The Kosovo Emergency Supplemental (P.L. 106-31) was appropriated during FY 1999 and was made available for obligation until September 30, 2000.

international responsibilities. Accordingly, most overseas assistance funds will be contributed to programs administered by international organizations. Although the United States is just one of many donors, in most cases the U.S. Government is the largest individual donor.

The primary recipients of U.S. contributions are listed below and their major activities are discussed in the regional presentations that follow. U.S. support may be provided to other organizations as required to meet specific program needs and objectives. In general, funds for overseas assistance will be used to respond to the 2001 calendar year budget appeals issued by international organizations.

The Office of the United Nations High Commissioner for Refugees (UNHCR), which has a worldwide mandate to assist host governments to protect and care for refugees as well as to promote lasting solutions to refugee situations. Active promotion of voluntary repatriation where conditions in the country of origin are suitable is also key to both finding refugee solutions and maintaining the willingness of governments to offer first asylum. In 2001, it is anticipated that UNHCR will continue its progress in orienting protection and assistance activities toward refugee women and children, who comprise about 80 percent of most refugee populations.

The International Committee of the Red Cross (ICRC) is an independent, internationally funded, humanitarian institution mandated under the terms of the Geneva Conventions. The United States is party to the Geneva Conventions, under which ICRC is called upon to provide assistance and protection to prisoners of war and political detainees, assist and protect civilian victims of armed conflict, provide needed medical assistance to conflict victims, trace missing persons and separated family members, and disseminate information on the principles of humanitarian law.

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has a continuing mandate from the United Nations to provide educational, medical, relief, and social assistance to the approximately 3.6 million registered Palestinian refugees located in Jordan, Syria, Lebanon, Gaza, and the West Bank.

The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly migration of persons in need of international migration services. IOM provides operational services for humanitarian migration and technical assistance to governments and others interested in the development of migration policy, legislation, and administration.

The World Food Program (WFP) is the principal vehicle for multilateral food aid within the UN system. WFP distributes commodities supplied by donor countries for protracted refugee and displaced person operations, and emergency food assistance, as well as development projects. MRA funds will be contributed to WFP toward the cash expenses of refugee feeding programs undertaken in cooperation with UNHCR. The U.S. Government provides food commodities to WFP under other appropriations.

Department of State

The Department intends to use the funds requested for FY 2001 to respond to the calendar year 2001 requirements of the organizations listed above. As assistance needs change, some organizations may find it necessary to issue new or increased appeals for funds during the course of the year. Therefore, this request may be used during the first quarter of the fiscal year to respond to urgent appeals that may be issued late in the 2000 calendar year. Programs of non-governmental organizations may commence at any point in the fiscal year, with funding provided for a twelve-month period.

The Department may reallocate funds between regions or organizations within the overseas assistance request level of \$457,360,000 in response to changing requirements.

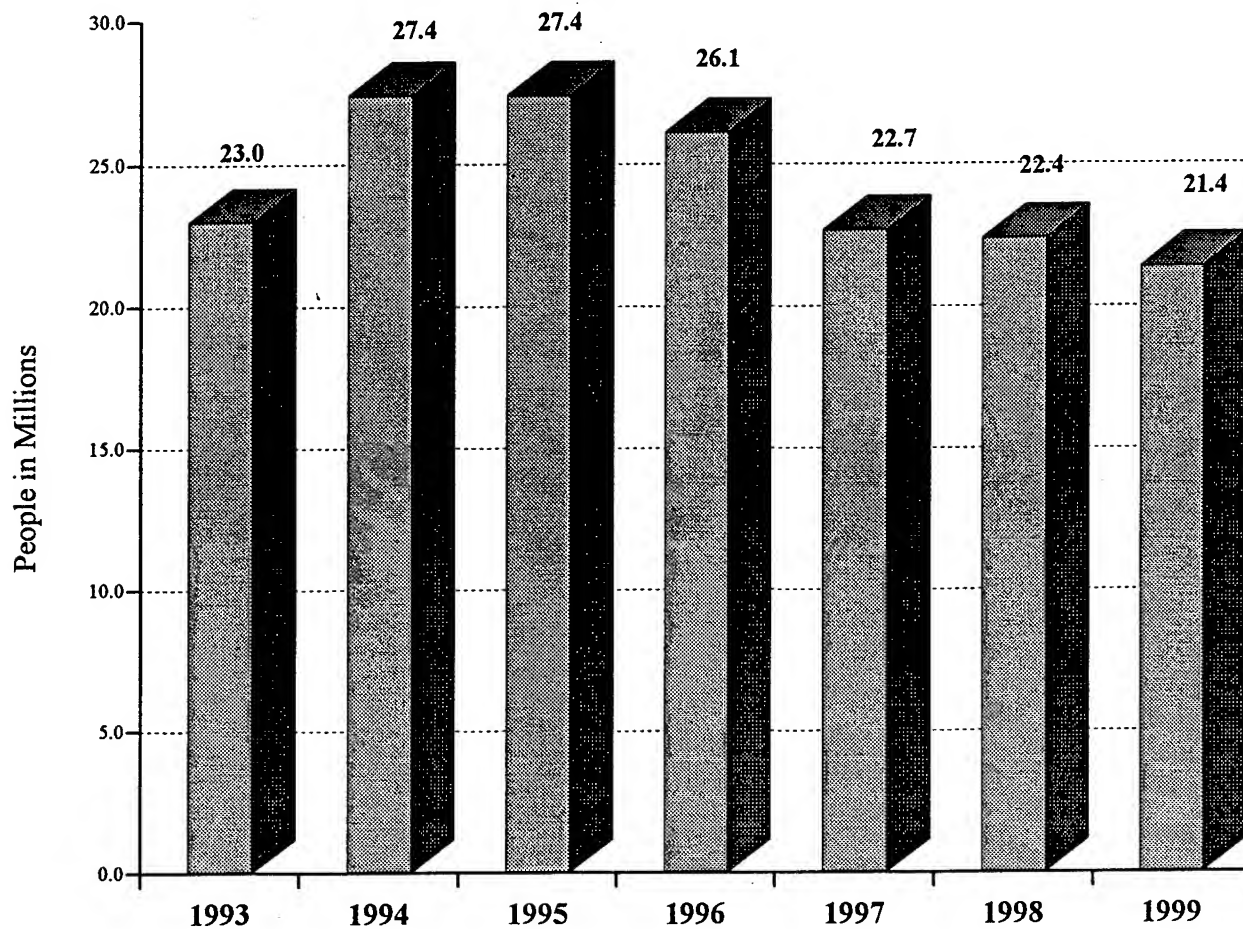
MRA PROGRAM SUMMARY
(\$ in thousands)

	FY 1999 Enacted	FY 2000 Estimate /2	FY 2001 Request
Overseas Assistance	680,140	455,925	457,360
Africa	144,235	151,845	138,000
East Asia	18,456	16,050	15,000
Western Hemisphere	14,713	19,110	15,300
Near East/North Africa	97,963	107,450	103,100
South Asia	27,475	30,790	29,500
Europe /1	310,083	57,443	88,460
MRA	[84,583]	--	--
MRA Supplemental /1	[225,500]	--	--
Multiregional Activities	67,215	73,237	68,000
Refugee Admissions	142,360	92,900	126,000
MRA	[102,360]	--	--
MRA Supplemental /1	[40,000]	--	--
Refugees to Israel	70,000	60,000	60,000
Administrative Expenses	13,470	13,800	14,852
MRA	[12,970]	--	--
MRA Supplemental /1	[500]	--	--
MRA Appropriation Total	905,970	622,625	658,212
MRA	[639,970]	--	--
MRA Supplemental /1	[266,000]	--	--

/1 The Kosovo Emergency Supplemental (P.L. 106-31) was appropriated during FY 1999 and was made available for obligation until September 30, 2000. Of this amount, \$1,500,000 was transferred to USIA, \$97,902,638 was obligated in FY 1999, and \$166,597,362 is available for obligation until September 30, 2000.

/2 The FY 2000 estimate reflects a technical adjustment to the regional distribution from that displayed in the Department's Budget in Brief of February, 2000.

UNHCR
PERSONS OF CONCERN*
1993-1999



* *Persons of Concern* include refugees, former refugees who have returned to their home countries, internally displaced persons, and others, including war victims. These figures do not include Palestinian refugees. There are approximately 3.6 million Palestinian refugees who come under the mandate of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

ASSISTANCE PROGRAMS IN AFRICA
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	144,235	151,845	138,000

The Administration requests \$138,000,000 to respond with appropriate U.S. contributions to the basic needs of refugees and conflict victims in sub-Saharan Africa. Some 3.3 million of the world's refugees are spread across the African continent. Significant voluntary repatriations took place in 1998 to Mali, Niger, Togo, Liberia, Sierra Leone, Somalia, Congo, Burundi, and Angola. However, renewed warfare in Angola, Congo, Sierra Leone, and Burundi largely ended those repatriation movements and displaced hundreds of thousands in 1999. Rebels in Sierra Leone mutilated thousands of civilian victims in a deliberate attempt to terrorize rather than kill. Ethiopia and Eritrea went to war in 1998 and began expelling citizens of the other. Famine again threatened the conflicted areas of Somalia and Sudan. At the beginning of 2000, a somewhat uneasy peace was holding in Sierra Leone, though repatriations had not started, and stubborn conflicts continued in Angola, Burundi, Congo, Ethiopia, Eritrea, Somalia, and Sudan.

Despite cross border attacks, concerns about the neutrality and security of refugee camps, and problems of humanitarian access, most African countries continue to be generous refugee hosts.

United Nations High Commissioner for Refugees

The U.S. contribution to UNHCR programs in Africa continues to fund protection and the most basic material assistance to save and maintain the lives of refugees and other conflict victims of concern to UNHCR. Protection, both legal and physical, including protection of women and children from sexual violence and protection from recruitment into armed conflicts, has become more challenging. Since humanitarian assistance has not always been up to basic international standards in such life-sustaining sectors as nutrition and water/sanitation, USG contributions to UNHCR and other implementing partners will continue to seek to address these gaps.

UNHCR will also pursue opportunities for permanent solutions for some refugee populations. In 2001, UNHCR is expected to be implementing repatriation and reintegration programs in Liberia, Rwanda, Sierra Leone and Somalia, with those in Rwanda and Liberia being completed. Repatriation assistance for returning refugees includes transportation home, a small package of household and agricultural items to facilitate the returnees' re-establishment, and limited rehabilitation of social infrastructure, such as clinics and water projects. There will continue to be a focus on achieving a smooth hand-off to development agencies that can most effectively deal with post-conflict situations.

International Committee of the Red Cross

ICRC, often in partnership with other elements of the international Red Cross movement, is called upon to provide relief and medical assistance in the most difficult and dangerous areas of countries caught up in armed conflict where success depends largely on the cooperation of the warring parties. This task has become even more difficult in recent times as the principle of neutral humanitarian assistance has been increasingly rejected by parties to conflict. Angola, Burundi, Congo, Congo/Brazzaville, Ethiopia, Eritrea, Sudan, and Sierra Leone are examples of such ICRC action. The ICRC program in Africa provides relief and medical assistance to conflict victims and displaced persons, and assistance to political prisoners and prisoners of war. ICRC also undertakes tracing services (for detainees as well as family members separated by conflict), and in some cases, refugee protection and assistance.

World Food Program

In recent years, contributions to WFP have supported feeding programs for refugees and displaced persons from Liberia, Guinea Bissau, and Sierra Leone; for Ethiopian and Eritrean refugees in Sudan; for Somali refugees in Ethiopia, Djibouti, and Kenya; for Sudanese refugees in Uganda, Ethiopia, and Kenya; and for refugees and displaced persons from Rwanda, Burundi, Congo, and Congo/Brazzaville and for Angolan refugees in Congo. In FY 2001, funds may be contributed to WFP for expenses of such programs undertaken in conjunction with UNHCR, including local/regional purchase of food to fill nutritional gaps.

Other International Organizations/Non-Governmental Organizations

Non-governmental organizations are key partners with the international organizations in Africa, often in specialized areas such as health care, food distribution, education, and other assistance for children. Funds will be provided directly to non-governmental organizations to complement the programs of UNHCR and to address the need to bring basic assistance up to international basic, life-sustaining standards of care. The United Nations Children's Fund (UNICEF), the International Organization for Migration (IOM), the International Federation of Red Cross and Red Crescent Societies (IFRC), and other international organizations or non-governmental organizations may also receive funding for complementary assistance.

ASSISTANCE PROGRAMS IN EAST ASIA
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	18,456	16,050	15,000

The Administration requests \$15,000,000 in FY 2001 for assistance programs in East Asia. Burmese continue to be the largest group of refugees in the region. Of the Rohingya refugees who fled to Bangladesh from late 1991 to mid-1992, over 230,000 had voluntarily repatriated to Burma and small-scale repatriation was continuing at the beginning of 2000. Those remaining in Bangladesh at the end of the organized repatriation (estimated 15,000) will need a durable solution.

At the beginning of 2000, some 110,000 refugees from a variety of ethnic groups in Burma still resided in camps in Thailand to which they had fled to escape attacks by the Burmese army and allies as well as from general persecution, such as forced labor. There were some significant improvements in protection in 1999 as the Thai Government agreed to move some camps further away from the border and allowed UNHCR registration.

The major new refugee development in the region in 1999 was the unanticipated change in Indonesia's government, which led to the beginnings of a full independence for East Timor, but not without a convulsion of violence that uprooted nearly all of the 800,000 inhabitants, sending over 200,000 into West Timor as refugees.

Repatriation and basic reintegration of Cambodian refugees from the July 1997 events was completed in 1999. The last of the Lao determined to not merit refugee status returned uneventfully to Laos in 1999 where UNHCR undertook to assist their reintegration just as if they had been returning refugees.

The increases in undocumented migration within the region, including of people in a refugee-like status, have led to heightened concern about trafficking in people and the impact of migration generally.

United Nations High Commissioner for Refugees

By the beginning of 2000, return and reinstallation of over half of the Timor refugees as well as Laotian and Cambodian refugees, left Burmese and residual Timorese refugees as the largest caseloads of concern to UNHCR. U.S. contributions to UNHCR will include funds for protection of Burmese refugees in Thailand, while assistance to those refugees in Thailand is provided through NGOs. U.S. contributions will also cover reintegration and recovery needs in East Timor and any remaining reintegration needs of those Laotians who returned from Thailand and Burmese who returned from Bangladesh.

International Committee of the Red Cross

U.S. contributions to ICRC support ongoing programs such as visits to detainees and emergency relief and medical care for conflict victims. Armed conflict in Southeast Asia is very localized (e.g., in pockets of Indonesia such as Aceh, in Papua New Guinea). Regional delegations throughout East Asia, therefore, largely concentrate on ICRC's core activities of protection, tracing, dissemination, and medical assistance (such as prosthetics).

World Food Program

Funds may be contributed to WFP toward expenses of programs undertaken in cooperation with UNHCR, for example, the feeding programs for Rohingya refugees in Bangladesh and assistance to returned Timorese.

Other International Organizations/Non-Governmental Organizations

Burmese refugees in Thailand are assisted by NGOs that implement public health programs, including water and sanitation and skills training, and provide food aid as well as some basic household assistance such as blankets and mosquito nets. The FY 2001 request will continue funding NGOs working in Thailand along the Burmese border, as well as international and non-governmental organization programs that deliver services to refugees, asylum seekers, and repatriates to address needs not covered by the programs of international organizations outlined above.

ASSISTANCE PROGRAMS IN THE WESTERN HEMISPHERE
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	14,713	19,110	15,300

The Administration requests \$15,300,000 for the Western Hemisphere assistance program. While the lessening of civil and political strife in some parts of the region has dramatically reduced the number of refugees, armed conflict in Colombia continues to displace civilians in need of humanitarian assistance and protection from ICRC and UNHCR. While Colombia represents the most significant humanitarian assistance requirement in this region, ongoing UNHCR and ICRC programs of protection and humanitarian law dissemination throughout the hemisphere are needed to maintain a capacity for dealing with refugee and asylum needs now and potentially in the future. Migration activities play a particularly important role in the Americas. Active participation in international migration dialogues is essential if migration flows within the Hemisphere are to be managed effectively. The U.S. currently (through the end of 2000) is the chair of the Regional Conference on Migration in North and Central America. Similarly, within the context of the Summit of the Americas, the Department is serving as "Responsible Coordinator" for promoting the human rights of migrant workers within the hemisphere. In both of these multilateral venues, resources are required for coordination and Conference activities, as well as program implementation.

United Nations High Commissioner for Refugees

U.S. contributions will help support UNHCR programs that directly assist the small numbers of refugees throughout the hemisphere and work with states to put in place effective regimes for providing legal protection to refugees and preventing their forcible return to a country where they might face torture or persecution. UNHCR will also carry out a modest program in Colombia to assist the government in responding to the assistance and protection needs of internally displaced persons.

International Committee of the Red Cross

Funds will be contributed to ICRC assistance programs in Central and South America, primarily for Colombia, Mexico, and Peru, and for its network of four regional offices and delegations. With fewer active conflicts in the region, ICRC's emergency relief to conflict victims, aid to prisoners of war, and tracing activities have decreased somewhat (with the notable exception of Colombia), enabling ICRC to focus on prison visits and promotion of international humanitarian law.

Other International Organizations/Non-Governmental Organizations

Support for migration management capacity-building and other migration activities in Central America and the Caribbean, provided primarily through the International Organization for Migration (IOM), will continue to be an important funding priority in this Hemisphere in FY2001. The Department may consider funding other relevant international organizations, and NGOs as required to meet special requirements for assistance to refugees, internally displaced, and migrants in the region and/or complement the assistance efforts of the international organizations outlined above.

**ASSISTANCE PROGRAMS IN THE NEAR EAST
AND NORTH AFRICA**
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	97,963	107,450	103,100

The Administration requests \$103,100,000 for the Near East and North Africa assistance programs. The major focus in the region continues to be on the long-standing Palestinian refugee population, which UNRWA is mandated to assist.

United Nations Relief and Works Agency for Palestine Refugees in the Near East

UNRWA is mandated by the United Nations to assist Palestinian refugees in Jordan, Syria, Lebanon, Gaza, and the West Bank. Over 3.6 million refugees are registered with UNRWA, which provides education, vocational training, relief and social services, medical assistance, and small-scale income-generation projects. UNRWA schools and training centers are leading factors in helping Palestinian refugees become economically self-reliant. Since UNRWA began operations in 1950, the United States has been a major contributor toward its programs. U.S. Government funding helps provide some stability in the lives of the Palestinian refugee population in the region, and contributes to a climate conducive to a peaceful resolution of regional problems.

United Nations High Commissioner for Refugees

These funds will support UNHCR operations throughout the Near East and North Africa, including large programs in Egypt, Iran, and Iraq. Refugees in Lebanon, Saudi Arabia, Syria, and other countries continue to require protection and monitoring. Somali refugees in Yemen continue to receive UNHCR support, as do the Western Saharan refugees in Algeria who are awaiting a political settlement before returning to the Western Sahara.

International Committee of the Red Cross

Throughout the Near East, ICRC is often the only international humanitarian organization that is able to access areas of civil strife to provide needed medical and other assistance to conflict victims and displaced persons. ICRC assists conflict victims in the region, with particular emphasis on tracing and protection of detainees. It also addresses unresolved humanitarian problems (particularly prisoners of war and those missing in action) related to conflicts where hostilities have ceased. ICRC's emergency programs will continue to provide emergency shelter, food and water, medical care, and protection to civilians displaced by conflict in the region.

Other International Organizations/Non-Governmental Organizations

Funds may be contributed for special projects of international organizations or non-governmental organizations designed to complement the assistance efforts of international organizations or to meet special needs of refugees and migrants in the region.

ASSISTANCE PROGRAMS IN SOUTH ASIA
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	27,475	30,790	29,500

The Administration requests \$29,500,000 in FY 2001 for assistance programs in South Asia. The preponderant refugee group in the region continues to be the approximately 2.5 million Afghan refugees in Pakistan and Iran. Voluntarily repatriation from Pakistan continued through 1999, though even 100,000 returns seemed small in relation to the large refugee population. Iran, tiring of its refugee burden, began deportations of unregistered refugees and others. At least 75,000 are estimated to have been involuntarily returned to Afghanistan. The war in Afghanistan continued with the annual offensives displacing tens of thousands and leaving their home areas devastated. Most international assistance programs resumed in Afghanistan in 1999 despite concerns over security, Taliban restrictions on relief agencies, and the Taliban's treatment of women and minorities.

New arrivals in Pakistan were not registered as refugees by the government and as they were largely non-ethnic Pashtun, they did not fit as easily into the northwest border regions where long-term refugees may well remain and integrate. The Department has given, and will continue to give, special attention to the needs of women in the programs of international organizations and NGOs.

There were still over 92,000 registered Bhutanese refugees in six camps in eastern Nepal at the beginning of 2000 (out of some 110,000 Bhutanese refugees in Nepal, representing approximately one-sixth of Bhutan's estimated pre-1991 population). Promising talks in 1999 between the two governments aimed at finding a resolution to the citizenship issues surrounding these refugees had not yet shown positive results by the beginning of 2000.

Of the original 120,000 Tamil refugees who fled to India from Sri Lanka in June 1990 as a result of ethnic violence, approximately 65,000 refugees remain, living in 133 camps in India's southern Tamil Nadu State. Voluntary repatriation continued to be stalled as the ongoing conflict in Sri Lanka flared in 1999. In addition, India is host to over 100,000 Tibetan refugees. Approximately 2,500 new Tibetan refugees arrive in India each year.

United Nations High Commissioner for Refugees

The primary focus of the U.S. with regard to UNHCR programs in South Asia will be the continued protection as well as care for the most vulnerable refugee groups remaining in Pakistan and Iran, with special attention to the needs of refugee women and girls, especially in health and education. At the same time, to the extent possible, our contributions to UNHCR will support repatriation and reintegration inside Afghanistan aimed at establishing stability and a return to normal conditions of life for refugee groups that elect to return. UNHCR is also concerned with the repatriates and internally displaced in Sri Lanka, and with refugees from Sri Lanka in India. In Nepal, UNHCR's presence supports Tibetan refugees in transit to India as well as the growing Bhutanese refugee population and other smaller groups.

International Committee of the Red Cross

ICRC is expected to maintain programs for victims of the Afghan conflict with a focus on emergency medical assistance and visiting detainees. ICRC runs a number of surgical and field hospitals for war-wounded Afghans, and operates orthopedic centers that provide complete rehabilitative services to the disabled. ICRC also provides emergency non-food assistance to the internally displaced and vulnerable, as well as water and sanitation projects in urban areas. Protection and tracing activities are important aspects of ICRC's Afghan Conflict Victims program.

ICRC is also involved in protection, tracing, medical assistance, and human rights training in Sri Lanka as well as with protection of detainees and conflict victims in Kashmir. With no resolution to those conflicts in sight, support for ICRC's critical humanitarian efforts through U.S. contributions to its regional appeal will continue.

World Food Program

In recent years, U.S. contributions to WFP have supported feeding programs for Afghan refugees and repatriates and Bhutanese refugees. In FY 2001, funds may be contributed to WFP for expenses of such programs undertaken in cooperation with UNHCR.

Other International Organizations/Non-Governmental Organizations

The Department will continue to give special attention to the needs of Afghan women and girls, particularly through health and education projects implemented by non-governmental organizations in both Pakistan and Afghanistan. To the extent possible, the Department will also consider supporting projects which assist the reintegration of returnees or the repatriation of refugees to Afghanistan.

The Department will continue to support NGO programs that assist Tibetan refugees. Funds may also be contributed for projects of international or non-governmental

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organizations designed to complement the assistance efforts of UNHCR and ICRC to meet special needs of refugees and migrants in the region.

ASSISTANCE PROGRAMS IN EUROPE
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	84,583	57,443	88,460
MRA Supplemental	225,500	--	--

The Administration requests \$88,460,000 to respond to assistance needs in Europe, including the New Independent States (NIS) of the former Soviet Union. This is an increase of \$31,017,000 from the FY 2000 estimate. However, the FY 2000 level does not reflect the use of \$126,197,362 available from the Emergency Supplemental,¹ in addition to the \$57,443,000 available from regular FY 2000 MRA being used to support overseas assistance needs in Europe.

As long as the situation in Kosovo remains volatile, the international community will concentrate on providing humanitarian assistance. The conflict in Kosovo has resulted in the displacement of a additional 300,000 people in the region. There remain over one million Bosnian and Croatian refugees and internally displaced persons. Continued funding is required through FY 2001 to support UNHCR-led relief and repatriation efforts in the Balkans. MRA funding is also needed to support humanitarian efforts for the refugees and displaced persons from the Caucasus.

Due to the Kosovo crisis, support requirements jumped greatly in FY 1999 and FY 2000. These requirements were funded from supplemental appropriations. The FY 2001 Europe funding request represents an overall decline in funding, taking into account that many of the immediate needs stemming from the Kosovo crisis will have been met, and that humanitarian needs in Bosnia will continue to decline as persons start to return home and begin to rebuild their lives.

In the aftermath of the Kosovo crisis, the international community has been focusing on humanitarian assistance and on mitigating the long-term health effects of the war for its victims. This work will continue into FY 2001. UNHCR will also concentrate on providing humanitarian relief to Serbs and Romanian's who left Kosovo after NATO troops entered the province. For refugees from Bosnia and Croatia, the international community is focusing significant energy and resources on facilitating return. It is also working to find other durable solutions for those unable to return due to a well-founded fear of persecution or particular humanitarian needs. Continued funding is required through FY 2001 to support these efforts.

In the former Soviet Union, the transformation from Soviet rule to democracy continues to be a volatile process. Some nine million persons in the NIS are refugees, displaced persons, repatriates, or other migrants. Fighting in Chechnya in 1999 displaced

¹ The Kosovo Emergency Supplemental (P.L. 106-31) was appropriated during FY 1999 and was made available for obligation until September 30, 2000.

as many as 260,000 people who need care and maintenance now, and eventually, reintegration assistance. The North Caucasus region of the Russian Federation, which had tens of thousands of internally displaced persons (IDPs) and refugees from several conflicts even before the latest fighting, will continue to be an unstable region prone to outbreaks of violence. Despite the peace accord signed in Tajikistan in 1997, poverty and insecurity wrack this nation and hamper efforts to reintegrate some 80,000 returned refugees. There is little progress in seeking solutions to the conflicts over Nagorno Karabakh or Abkhazia, which affect over 1.2 million internally displaced persons and refugees. The Administration is committed to supporting continued attention to the issues outlined in the Program of Action (POA) of the 1996 Regional Conference on Refugees and Migration in the Commonwealth of Independent States (CIS Conference). Although the POA expires in 2000, the countries of the NIS and the international community are working to develop a mechanism to ensure that the issues continue to be addressed. IOM, the Organization for Security and Cooperation in Europe (OSCE), and UNHCR will continue to implement related programs throughout the NIS and will require funding in FY 2001.

United Nations High Commissioner for Refugees

In FY 2001, UNHCR's presence in Bosnia and Croatia will include residual, scaled down efforts to assist the return of refugees and internally displaced persons (IDPs) affected by the 1991-95 wars. UNHCR's major emphasis will be on protection activities for this population. UNHCR will continue to provide significant humanitarian assistance and coordination in both Kosovo and the Federal Republic of Yugoslavia (FRY).

UNHCR is one of three organizers of the 1996 CIS Conference which examined a broad range of issues relating to the involuntary movement of people in the NIS. All UNHCR programs in the NIS through the year 2000 will be covered under UNHCR's CIS Conference appeals. Much of this work will need to continue in 2001. UNHCR has expanded its programs beyond the traditional provision of protection, emergency assistance for refugees and internally displaced persons, and dissemination of refugee law. Programs that support the CIS Conference Program of Action, include technical assistance and training to develop appropriate legislation, implementation procedures, and government structures to respond humanely to migration concerns, as well as prevention programs, public awareness projects, and capacity building of both governmental and non-governmental agencies. UNHCR will also continue traditional activities in the NIS, particularly in Russia, the Caucasus and Tajikistan.

International Committee of the Red Cross

In the former Yugoslavia, ICRC plays a unique role among international agencies by facilitating exchange of information on missing persons. ICRC will also continue relief activities to the most vulnerable in FY 2001 while continuing to transfer operations and responsibilities to local Red Cross delegations.

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In FY 2001 funds will continue to support ICRC's programs in the NIS to provide emergency assistance, to further develop ICRC's innovative tolerance education programs based on international humanitarian law, and to promote the basic principles of international humanitarian law and the law of war. U.S. support for ICRC enabled it to respond immediately to the humanitarian needs of displaced persons that fled fighting in Chechnya in 1999 and 2000.

World Food Program

Funds will be contributed to WFP for programs undertaken in cooperation with UNHCR. WFP will continue to provide food and coordinate food supplies for the most vulnerable persons of concern in FY 2001. In past years, contributions have been made for WFP programs in the former Yugoslavia and toward WFP components of consolidated appeals for Tajikistan, the South Caucasus, and the North Caucasus.

Other International Organizations/Non-Governmental Organizations

Our partnership with other international and non-governmental organizations in the former Yugoslavia is unprecedented. Continued funding will be required to support these organizations as they facilitate return and provide assistance to refugees and IDPs in the republics of the former Yugoslavia. Non-governmental organizations serve as implementing partners for UNHCR assistance and repatriation efforts. In addition, NGOs work independently to target the special needs of specific populations. For example, the Department of State has used NGOs to implement programs facilitating the return of displaced persons to areas where their ethnic group is in the minority.

In the NIS, funding to NGOs is primarily used to support emergency needs of refugees and internally displaced persons not provided by UNHCR and ICRC. NGO programs also focus on building the capacity of their indigenous NGO partners and encouraging self-sufficiency for refugee and IDP communities.

We began providing funds to the Organization for Security and Cooperation in Europe (OSCE) as a co-organizer of the CIS Conference. The OSCE has since established a permanent migration advisor position and has implemented a number of effective projects in the NIS, particularly in the South Caucasus and Central Asia. OSCE funding is targeted to issues affecting refugees, internally displaced, and other migrants who are outside UNHCR's mandate. In addition, funds will be needed in FY 2001 to support IOM's work in the NIS. IOM was a co-organizer of the Conference and plays a significant role in its implementation. IOM's main activities support NIS governments' efforts to develop humane migration management systems. IOM also focuses its efforts on NGO capacity-building and in providing reintegration assistance to migrants.

MULTI-REGIONAL ACTIVITIES
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	67,215	73,237	68,000

For FY 2001, the Administration requests \$68,000,000 for Multiregional Activities. These funds support the assessed U.S. contribution to IOM, the headquarters budget of the ICRC, the headquarters and global program costs of UNHCR, the multiregional refugee activities of international or non-governmental organizations, and international migration activities. (The IOM assessment and the ICRC contribution are paid in Swiss francs, and the dollar amounts will vary according to the exchange rate at the time of payment.) These funds will support enhanced multiregional refugee and migration activities of international and non-governmental organizations, particularly UNHCR, including programs for refugee women and children.

International Committee of the Red Cross

The funding request for the ICRC headquarters budget covers the permanent activities carried out by ICRC staff at the Geneva headquarters only; field-related costs are normally attributed to the regional appeals. The contribution will be calculated at not less than 10 percent of the 2001 ICRC headquarters budget in accordance with the Foreign Relations Authorization Act, 1988 and 1989. The ICRC headquarters budget is funded through voluntary contributions by governments and national societies of the Red Cross; the Swiss Government contributes approximately 50 percent. U.S. contributions to ICRC's regional appeals are described under the previous regional sections of this document.

International Organization for Migration

As a member of IOM, as authorized in the Migration and Refugee Assistance Act of 1962, the United States pays a 29.95 percent assessment to the organization's administrative budget. IOM's services and expertise contribute significantly to the development and success of international migration and refugee resettlement programs worldwide.

Assistance and Protection Programs

These funds will support activities of international and non-governmental organizations that do not appear in any specific regional program (e.g., centrally funded multiregional activities) or that support the ability of organizations to respond to new requirements, including emergency response capacity.

Multiregional program activities include interagency coordination efforts, emergency response units of international organizations, and special studies. These funds also will be used to support efforts to integrate the special needs of refugee women and children in the program and budget planning process of the international organizations and non-governmental agencies engaged in providing refugee assistance overseas. The multiregional program also supports two-year positions held by Americans with UNHCR, IOM and WFP, through Junior Professional Officer programs. The United States provides unearmarked funding to the UNHCR General Program (from which many of the above activities are funded) under this activity, in addition to the funds provided to UNHCR through region-specific allocations discussed previously in this request.

Migration Activities

International migration activities include cooperation with other governments and with international and non-governmental organizations to understand the root causes of migration, particularly at the regional level, and to encourage humane and effective migration management. IOM will continue to develop its technical assistance and migration information activities. The Intergovernmental Consultations on Asylum, Refugee, and Migration Policies in Europe, North America, and Australia (IGC) is a process through which the United States, Canada, Australia, and twelve European countries cooperate on migration policy matters. Since 1996, policy discussions among eleven governments of North and Central America in the Regional Conference on Migration (RCM) have focused on common migration challenges and cooperative efforts to address concerns related to human rights of migrants, as well as law enforcement efforts.

Migration and asylum figure prominently as part of the dialogue on "Justice and Home Affairs" issues in the New Trans-Atlantic Agenda (NTA) between the United States and the European Union (EU). Since FY 1998, PRM and the European Commission have cooperated on information campaigns to address the problem of trafficking in women. In FY 2001, PRM will continue its efforts to advance cooperation with the EU member states and the European Commission on migration issues focusing on protection.

Finally, assistance will be provided to migrants in pilot projects to support the international migration policy goals for which PRM has primary responsibility, especially with regard to protection and safeguarding the human rights of migrants. MRA funds will not be used for migration-related activities for which other appropriations exist (e.g., law enforcement).

REFUGEE ADMISSIONS
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	102,360	92,900	126,000
MRA Supplemental	40,000	--	--

The Administration requests \$126,000,000 to support the Refugee Admissions program in FY 2001. While this level is an increase of \$33,100,000 over the FY 2000 enacted level, \$40,000,000 from the FY 1999 Emergency Supplemental Appropriation² will still be available in FY 2000 for refugee admissions. Programmatically, the FY 2001 request is a decrease of \$6,900,000 from the amount available for refugee admissions in FY 2000.

This request will support a minimum of 76,000 refugees to the United States; if cost savings are achieved, 80,000 admissions could be supported. The President, following the annual consultation process with Congress later in FY 2000, will determine the final number of refugee admissions and the regional allocations. The specific regional ceilings established in the consultations process will be based on an assessment of worldwide refugee needs at that time. The request funds all related refugee admissions activities and the processing and transportation of a small number of Amerasian immigrants. In FY 2001, PRM will continue to give priority to enhancing accessibility to the refugee admissions program for individuals in need of the protection afforded by resettlement. Actual U.S. refugee admissions for FY 1999 and the established FY 2000 ceilings are shown in the table below:

Geographic Region	FY 1999 Actual	FY 2000 Ceiling	
Africa	13,038	18,000	
East Asia	10,204	8,000	
Europe	55,576	47,000	
Latin America/Caribbean	2,110	3,000	
Near East/South Asia	4,078	8,000	
Unallocated Reserve	0	6,000	/1
Total	85,006	90,000	/1

/1 In FY 2000, the funded admissions level is 85,000, and 5,000 admissions numbers of the unallocated reserve are available for refugees, if needed, and if necessary funding can be identified within existing appropriations for the Departments of State and Health and Human Services.

² The Kosovo Emergency Supplemental (P.L. 106-31) was appropriated during FY 1999 and was made available for obligation until September 30, 2000.

Africa

Admissions of African refugees increased approximately 85 percent in FY 1999, from 7,000 to 13,000 refugees. African refugees of any nationality who are referred for resettlement for protection or durable solution reasons by UNHCR or a U.S. Embassy will be processed. Several specific groups have been identified as of special humanitarian concern and will be eligible for direct registration. In addition, refugees from some countries undergoing active or recently concluded armed conflict will be eligible for family reunification processing. In FY 2001, some of the largest populations are expected to be Sudanese, Sierra Leoneans, and Somalis.

East Asia

ODP, ROVR, and Amerasians - For 20 years under the Orderly Departure Program (ODP) from Vietnam, refugee cases were processed for those with close ties to the United States, with particular emphasis on former re-education center detainees and Amerasians. In addition, since FY 1997 the U.S. has processed for refugee admission some 18,000 Vietnamese applicants under the Resettlement Opportunity for Vietnamese Returnees (ROVR). We expect interviews in both these programs will be completed during FY 2000 when some 4,000 Vietnamese admissions are anticipated. In FY 2001, we expect to complete residual caseloads as well as to address the needs of Vietnamese protection cases.

First Asylum - In FY 2001 it is expected that several hundred Burmese in Thailand will be considered for admission to the U.S. as refugees. Small numbers of refugees from other Asian countries may also be processed.

Europe

The FY 2001 program will primarily include persons from the former Soviet Union, persons from the former Yugoslavia, and a small residual population of qualifying family member (Visas 93) beneficiaries from East European countries.

Admissions from the former Soviet Union will be primarily persons of special interest to the United States. These include Jews, Evangelical Christians, and certain Ukrainian religious activists. The Department of State will continue to closely monitor the situation of religious minorities in Russia. Admissions from the former Yugoslavia will emphasize vulnerable cases, and other refugees for whom reintegration is not a viable option.

Near East and South Asia

In FY 2001, admissions of Iranians (primarily religious minorities) and Iraqis from processing sites in Europe and the Near East/South Asia region are expected to continue and the admission of vulnerable Afghans – particularly women and certain ethnic minorities – are expected to increase.

Latin America and the Caribbean

Western Hemisphere program efforts in this region primarily support the admission of Cubans. The in-country Cuban refugee processing program is designed to allow those individuals most likely to qualify as refugees the opportunity to have their claims heard without resorting to dangerous boat departures. Nationals of other countries, such as Colombia, will be considered if referred by UNHCR.

Summary of Costs

The total cost of all admissions activities to be covered from appropriated funds in FY 2001 is estimated at \$126,000,000. The requested funds are directly related to costs incurred on behalf of refugees whose actual admission will occur in FY 2001 or in FY 2002. After a refugee is approved by the Immigration and Naturalization Service (INS) for the U.S. refugee admissions program, the refugee receives a medical examination, sponsorship in the United States is assured, travel arrangements are prepared, and all other steps necessary for admission to the United States are completed. Most transportation and Reception and Placement grant costs are incurred when the refugee departs the asylum country for resettlement in the United States. Funds also are used to support all ongoing activities related to admissions, such as pre-screening of refugee applicants, processing of applicant case files, medical examinations, and overseas orientation.

The budget request for refugee admissions funds the programs described below. Funds may also be used for the evaluation of these programs.

Amerasian Admissions Costs

Within the total admissions request, sufficient funds have been included to cover the admissions costs of Amerasian immigrants and their qualifying family members. These funds are included within the category requests that follow, but are not separately identified by activity. The small number of Amerasian immigrants who enter under the provisions of Section 584 of the FY 1988 Further Continuing Resolution to the Appropriations Act, P.L. 100-202, receive the same services provided to refugees.

Processing

The Department funds a number of private voluntary agencies and the International Organization for Migration to assist with the processing of refugees worldwide for resettlement in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by INS adjudicators under the U.S. refugee program. Some applicants interviewed by INS are not approved for U.S. resettlement. Therefore, more cases are processed during the course of the year than will actually be admitted to the United States as refugees. For approved refugees, processing funds also are used to pay for medical examinations, cultural orientation materials and briefings, and required travel documentation.

In addition to overseas processing operations, the Department funds certain services performed in the United States that are essential to the smooth and efficient operation of the admissions process. This includes maintaining an U.S.-based Refugee Data Center, which operates a case allocation, and a Reception and Placement (R&P) grant verification system. The computerized Worldwide Refugee Admissions Processing System (WRAPS) will be deployed in FY 2001, streamlining all aspects of refugee processing.

Transportation and Related Services

In FY 2001, the Administration requests funds for transportation and related services provided by IOM in support of the U.S. admissions program. This activity includes funding for international and domestic airfares, IOM operational support, communications, and transit accommodations where required. The cost of the airfares is provided to refugees on a loan basis; beneficiaries are responsible for repaying their loans over time after resettlement. Therefore, the requirement for appropriated funds for refugee transportation, in any given year is partially offset by loan repayments to IOM from refugees previously resettled. In addition, some refugees, primarily from the former Soviet Union, elect to travel on privately purchased tickets.

Reception and Placement Grants

Through the Department's Reception and Placement program (R&P), private voluntary agencies receive funds on a per capita basis to provide basic services to refugees for initial resettlement in the United States. These agencies augment the federal

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grant by drawing on private cash and in-kind contributions that are essential to the success of this program. Services include pre-arrival planning, reception at the airport, initial housing, orientation to their communities, counseling, and referral to local social service programs.

Within the overall program funding, the Department may support different resettlement services for groups of refugees with special resettlement needs, for example, unaccompanied minors destined for foster care programs.

The Department coordinates its reception and placement services with the refugee assistance programs administered by the Office of Refugee Resettlement in the Department of Health and Human Services (HHS/ORR).

REFUGEES TO ISRAEL
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	70,000	60,000	60,000

The FY 2001 request includes \$60,000,000 to support resettlement in Israel through a grant to the United Israel Appeal (UIA). This grant helps finance programs of the Jewish Agency for Israel that assist in the absorption into Israeli society of Jewish humanitarian migrants coming to Israel from the former Soviet Union and other countries of distress.

In 1991, approximately 145,000 individuals from the former Soviet Union arrived in Israel; by 1999, this number had declined to about 61,000.

ADMINISTRATIVE EXPENSES
(\$ in thousands)

Account	FY 1999 Enacted		FY 2000 Estimate		FY 2001 Request	
	Positions	Funds	Positions	Funds	Positions	Funds
MRA	99	12,970	110	13,800	110	14,852
MRA Supplemental	--	500	--	--	--	--

The Administration requests \$14,852,000 to finance the salaries and administrative expenses of the Bureau of Population, Refugees, and Migration (PRM). These funds will be used to finance the full-year salaries and operating costs associated with a staff of 110 permanent positions in the Bureau of Population, Refugees, and Migration. The requested increase will fund the continued start-up of several refugee coordinator positions to be established at the end of FY 2000 (\$427,000), ICASS services costs associated with these new positions (\$275,000), and domestic and overseas wage and price increases (\$350,000). This staff, both overseas and domestic, manages the resources and array of issues for which PRM is responsible. The overseas staff manages important humanitarian and refugee responsibilities. Domestic staff direct diplomatic initiatives and policy development, address program design, monitor and evaluate operational activities, and maintain our equally important policy liaison role in supporting other parts of the State Department in integrating refugee and humanitarian issues into the broader regional foreign policy concerns.

While the Bureau of Population, Refugees, and Migration is responsible for international population policy and coordination, funds for the salaries and support costs of the six domestic positions dedicated to carrying out this responsibility are requested under the Department of State's Diplomatic and Consular Programs in FY 2001.

REQUIREMENTS BY OBJECT CLASS
(\$ in thousands)

Activity	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
Personnel compensation	6,514	7,250	7,727
Personnel benefits	1,978	2,175	2,320
Benefits for former personnel	--	--	--
Travel and transportation of persons	1,062	1,200	1,200
Travel and transportation of things	10	15	20
Rents, communications, and utilities	590	700	850
Printing and reproduction	129	130	130
Other services	2,053	1,735	2,010
Supplies and materials	185	195	195
Personnel property	394	400	400
Grants, subsidies, and contributions	<u>893,055</u>	<u>608,825</u>	<u>643,360</u>
Appropriation Total	905,970	622,625	658,212

EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND
SUMMARY STATEMENT
(\$ in thousands)

Account	FY 1999 Enacted	FY 2000 Estimate	FY 2001 Request
MRA	30,000	12,452	20,000
MRA Supplemental	165,000	--	--

The Emergency Refugee and Migration Assistance (ERMA) Fund is a no-year appropriation, drawn upon by the President to meet "unexpected urgent refugee and migration needs" whenever the President determines that it is "important to the national interest" to do so. The Migration and Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100,000,000. The request for \$20,000,000 is intended to replenish the ERMA Fund in order to provide the flexibility needed to respond to unexpected refugee and migration emergencies.

Program Activities

In FY 1999 and FY 2000, as of January, a total of \$125,000,000 was drawn down from the ERMA Fund for the following requirements:

Asia

Presidential Determination 2000-07 - \$30,000,000

On November 10, 1999, \$30,000,000 was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the Timor crisis.

Europe

Presidential Determination 99-10 - \$25,000,000

On January 25, 1999, \$25,000,000 was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the Kosovo crisis.

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Presidential Determination 99-19 - \$25,000,000

On March 31, 1999, \$25,000,000 was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the Kosovo crisis.

Presidential Determination 99-22 - \$20,000,000

On April 29, 1999, \$20,000,000 was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the Kosovo crisis.

Presidential Determination 99-23 - \$15,000,000

On May 18, 1999, \$15,000,000 was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the Kosovo crisis, with special focus on refugee settlement requirements for persons processed through the Humanitarian Evacuation Program from Macedonia.

Presidential Determination 2000-07 - \$10,000,000

On November 10, 1999, \$10,000,000 was authorized to meet the urgent and unexpected needs of refugees, displaced persons, victims of conflict, and other persons at risk due to the North Caucasus crisis.

SUMMARY STATEMENT
(\$ in thousands)

Object Class	FY 2000 Opening Balance	FY 2001 Request
Grants, subsidies, and contributions	185,310 ¹	20,000

¹ Of which, \$172,857,659 was carried forward from FY 1999 and \$12,452,000 was appropriated in FY 2000.

NONPROLIFERATION, DEMINING AND RELATED PROGRAMS
(\$ in thousands)

Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Nonproliferation & Disarmament Fund	14,990	15,000	15,000
Export Control Assistance	5,000 ¹	10,780	14,000
IAEA Voluntary Contribution	40,000	43,000	47,000
CTBT Preparatory Commission	28,900	14,000	21,500
KEDO	53,100	35,000	55,000
Anti-terrorism Assistance	41,000 ²	33,000	68,000
Terrorist Interdiction Program	--	5,000	4,000
Humanitarian Demining	35,000	40,000	40,000
Science Centers ³	[22,000]	[59,000]	45,000
Small Arms Destruction	--	--	2,000
Reserve	--	20,000	--
Total, NADR Program	217,990	215,780	311,500

National Interests:

The Nonproliferation, Anti-terrorism, Demining, and Related Programs Account (NADR) funds critical, security-related programs in support of a broad range of U.S. national interests. NADR programs serve as an important tool for working with foreign nations to reduce transnational threats to America's security, as well as to mitigate local threats that cause regional instabilities and humanitarian tragedies. The FY 2001 request of \$311.5 million reflects the funding needed to support U.S. efforts to reduce threats posed by international terrorist activities, landmines, and stockpiles of excess weapons, as well as by nuclear, chemical, and biological weapons and their associated technologies.

Objectives and Justification:

The NADR account supports U.S. efforts in four areas: nonproliferation, anti-terrorism, regional stability, and humanitarian assistance. The success or failure of the United States in dealing with problems in each of these areas will have implications for maintaining U.S. security and military superiority, efforts to promote reconciliation and stability in the Middle East, South Asia, and Northeast Asia; and access to critical resources and markets.

¹ Additionally, \$4 million in FY 98 ESF supported Export Control programs in FY 1999.

² Includes \$20 million from the FY 1999 Emergency Supplemental.

³ Science Centers funded from FREEDOM Support Act/NIS account in FY 1999 and FY 2000.

Nonproliferation Efforts

One of the most direct and serious security threats facing the United States is the possibility of conflict involving weapons of mass destruction (WMD) of chemical, biological, or nuclear origin. First and foremost is the immediate challenge of halting the clandestine spread of WMD materials and technology to rogue states, terrorist groups, and other non-state actors. Synonymous with this challenge is the need to reinvigorate the international community's commitment to support nonproliferation efforts and responsible nonproliferation behavior. The FY 2001 NADR request will fund bilateral and multilateral assistance programs which directly support U.S. nonproliferation objectives:

- To deny proliferators the supplies of materials and technology they need for their programs;
- To prevent and contain WMD and missile capabilities as well as advanced conventional weapons in key countries and regions;
- To secure and guard against leakage of WMD-and missile-related materials and expertise, primarily in Russia and other NIS countries;
- To promote the strengthening of international agreements that formalize and help verify nonproliferation constraints; and
- To ensure that peaceful nuclear cooperation serves nuclear safety, environmental, and nonproliferation goals.

NADR supports three nonproliferation programs on a bilateral basis: the Nonproliferation and Disarmament Fund (NDF), a contingency fund for unanticipated requirements or opportunities; the Science Centers, which finance civilian research by former Soviet weapons experts in Russia, the Ukraine, and the other NIS countries; and Export Control Assistance programs, which are designed to strengthen national export control systems in key countries. NADR funds also leverage other international donors in three multilateral fora. Under the International Atomic Energy Agency (IAEA), the U.S. voluntary contribution supplements the IAEA's operating budget to implement strengthened nuclear safeguards measures and allow expansion in nuclear safety cooperation with key countries. Funding for the Comprehensive Nuclear Test Ban Treaty (CTBT) Preparatory Commission helps ensure compliance with the CTBT by supporting the development and implementation of the international monitoring system (IMS) to detect nuclear explosions. Finally, the U.S. contribution to the Korean Peninsula Energy Development Organization (KEDO) supports implementation of the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK). U.S. assistance funds part of KEDO's administrative expenses and provides annual shipments of heavy fuel oil to the DPRK until completion of the first light water reactor, as stipulated in the Framework.

Anti-terrorism Efforts

The NADR account also supports a comprehensive approach to preventing and countering terrorist attacks on U.S. citizens and to minimize the impact of any attacks

that may occur, whether at home or abroad. NADR funds both the Antiterrorism Assistance (ATA) and Terrorist Interdiction Program (TIP), which provide technical training and equipment to assist foreign countries in protecting facilities, individuals, and infrastructure, as well as to prevent the transit of terrorists and their materials between borders. The FY 2001 program will support ongoing core ATA programs and allow for expansion in selected regions; support new TIP countries' efforts to interdict terrorists; and establish a single, dedicated training facility (the Center for Anti-terrorism and Security Training, or CAST) to meet the current and projected increasing needs for ATA training.

Regional Stability and Humanitarian Assistance

Finally, the NADR account funds programs that promote an environment to allow for peace and regional stability, as well as meet humanitarian needs. The Humanitarian Demining Program (HDP) supports efforts eliminate the threat to civilians of uncleared anti-personnel landmines, which have proven to be one weapon that is both destabilizing and damaging to the restoration of peace and prosperity once a conflict is over. Demining assistance also allows mine-affected nations to save the lives and limbs of innocent civilians, return displaced persons to their homes, rebuild shattered economic infrastructure, return agricultural land to productivity, and allow the safe delivery of other humanitarian services.

In FY 2001, NADR will also fund a new Small Arms Destruction initiative, which is designed to eliminate stockpiles of excess small arms and light weapons left over from Cold War and post-Cold War conflicts, particularly in Eastern Europe and Sub-Saharan Africa. As with the Humanitarian Demining Program, the Small Arms Destruction initiative promotes regional stability and minimizes threats to civilian populations by destroying excess stockpiles of weapons that fuel the international illicit arms market, in turn exacerbating regional and civil conflicts and claiming hundreds of thousands of lives and displace millions of civilians every year.

Individual NADR program justifications are found in the Global Programs section; KEDO and the Science Centers justifications are located in the East Asia & Pacific and Newly Independent States sections, respectively.

DEPARTMENT OF THE TREASURY

Treasury Technical Assistance
Debt Restructuring Program

TREASURY TECHNICAL ASSISTANCE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Technical Assistance	2,983	1,500	7,000

National Interests:

Treasury Technical Assistance programs assist governments in implementing the reform and adjustment measures associated with the broad policy goals that the U.S. Government seeks to advance: private sector-led economic growth, transparent public finances, and sound commercial banking systems.

Objectives and Justification:

For FY 2001, the Administration requests appropriations of \$7 million for Treasury International Affairs Technical Assistance (TIATA) programs. This request will expand the number of countries in which Treasury can provide technical assistance from the very small base created with the \$1.5 million funding received in both FY 1999 and 2000. The requested amount is independent of the monies Treasury receives under the Support for East European Democracy (SEED) Act and the FREEDOM Support Act (FSA), which fund work in Central and Eastern Europe (CEE) and the former Soviet Union (FSU).

The TIATA program provides expert advisors to a select and limited group of countries in Asia, Africa, and Latin America that are in need of economic development and whose governments are committed to institutional reform. Treasury advisors work on a resident or intermittent basis with senior Finance Ministry, Interior Ministry, or Central Bank counterparts in one of five core areas of government policy and management where Treasury has specialized expertise, including:

- budget and macroeconomics;
- tax policy and administration;
- financial institutions;
- government debt issuance and management; and
- financial crimes law enforcement.

Treasury's technical assistance programs are coordinated with the International Financial Institutions (IFI's) and complement their work. In addition, Treasury projects are coordinated with the State Department and USAID.

In FY2001 Treasury intends to provide its expertise to countries in Asia, Africa, and Central and South America. In addition to its programs in the CEE and FSU, Treasury currently has small technical assistance programs in place in Indonesia, Thailand, South Africa, Jordan, Egypt, Colombia, Argentina, and the West Africa Economic and Monetary Union in Senegal that are funded under separate inter-agency agreements with USAID or, in the case of Argentina, by the country itself. In the future, many of these programs will be subsumed into the Treasury program and funded within this request.

Key Facts

- Since 1991, Treasury has been providing technical assistance in the FSU and CEE.
- In addition to FSU and CEE, Treasury has programs in Indonesia, Thailand, South Africa, Jordan, Egypt, Colombia, Argentina, and the West African Economic and Monetary Union in Senegal.
- Budget technical assistance for Kosovo has resulted in:
 - establishment of a Central Fiscal Authority and
 - development of a draft budget.
- Tax technical assistance efforts include:
 - Ukraine: development of a new tax code and tax policy unit;
 - Romania: establishment of a Taxpayer Service Division in the Ministry of Finance; and
 - Russia: progress in tax systems modernization.
- Financial institutions technical assistance has resulted in:
 - Czech Republic: privatization of Banca Commercial;
 - Bosnia: passage of the "Law on Deposit Insurance"; and
 - Russia: creation of the Agency for Restructuring Credit Organization (ARCO).
- Government debt technical assistance helped:
 - Bosnia: complete the 14 bilateral agreements with creditor countries necessary to implement its Paris Club debt rescheduling agreement; and
 - Bosnia and Kyrgyz Republic: installed Treasury's Debt Tracking System to monitor external debt liabilities.
- Enforcement technical assistance resulted in:
 - Moldova: drafting of anti-money laundering law;
 - El Salvador: passage of anti-money laundering law; and
 - Armenia: organization of a Bank Fraud Working Group.

Supporting U.S. Objectives

Technical assistance is undertaken as part of the Treasury Department's responsibilities in the conduct and coordination of USG international financial policies. Treasury's use of financial experts as resident or intermittent advisors in support of these responsibilities has a proven track record in countries where advisors have been assigned. Working side by side with the International Financial Institutions, Treasury advisors help governments implement the reform and adjustment measures associated with the broad policy goals that the U.S. government seeks to advance: private sector-led economic growth, transparent public finances, and sound commercial banking systems.

DEBT RESTRUCTURING
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Debt Restructuring	74,000	123,000	262,000

National Interests:

The United States has an unique ability to implement a solution to the unsustainable debt burdens of the world's poorest and most heavily indebted countries because of its ability to forge an international consensus and leverage funds from other creditors that are needed for meaningful debt relief. Through leadership on debt relief, the United States can directly reduce poverty and promote economic development in the world's poorest nations. It is now time for us to take the lead in funding such a policy.

Objectives and Justification:

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative

In 1999, under U.S. leadership, the international community undertook a major expansion of the HIPC Debt Initiative. This expansion was proposed by President Clinton on March 16, 1999, was agreed to by the G7 at the Cologne Summit on June 20, 1999 and was adopted by the IMF and the World Bank in September 1999 during their annual meeting.

The FY2000 budget included \$110 million for bilateral debt forgiveness. It also authorized the U.S. to support the IMF non-market sale of up to 14 million ounces of gold and use of 9/14th of the interest of the profits from the gold sale to cover its costs of debt relief. Finally, it authorized the use of the U.S. share of a special reserve account (SCA-2) at the IMF, about \$300 million for debt relief.

The budget request for the Enhanced HIPC Initiative is for \$600 million over three years. In FY 2001, the Administration request includes \$75 million for bilateral debt reduction costs in FY2001 and \$150 million for the HIPC Trust Fund in FY2001. The HIPC Trust Fund helps regional development banks and other multilateral institutions meet their costs of debt reduction. The Administration also is requesting a supplemental appropriation in FY 2000 as well as advance appropriations for HIPC; which are further described in the Supplemental and Advance Appropriations section under Debt Relief.

In order to generate sufficient funds for poverty reduction, the savings from debt relief must be meaningful. It is the ability of the U.S. government to forge an international consensus that generates the resources necessary to make a sizeable difference in the economic and social conditions of developing nations.

Department of the Treasury

The U.S. cannot significantly reduce HIPC debt by itself. The U.S. share of debt owed by the 33 countries that are likely to receive debt relief under the Enhanced HIPC Initiative is \$3.7 billion, or 3% of total debt owed. The Enhanced HIPC Initiative may forgive as much as \$90 billion.

- The Enhanced HIPC Initiative defines specific debt targets, not the amount of debt reduced by any one single creditor.
- If the U.S. were to grant unilateral debt relief before other creditors, it would only reduce the amount France, Japan, Germany and others would have to contribute in a Paris Club arrangement in order to reach sustainable debt targets.

The only way for debt relief to make a meaningful difference in the lives of the world's poorest most heavily indebted countries is if all creditors act together.

HIPC DEBT AS OF END-1998
(33 countries, \$ in billions)

<u>TOTAL</u>	Bilateral Creditor	<i>of which</i> Paris Club	U.S.	Multilateral	<i>of which</i> IDA/IBRD	IMF	AfDB/F	IDB	Other MDBs
127.1	73.3	57.0	3.7	53.9	30.3	5.5	6.0	3.9	8.2

AMOUNT OF DEBT TO BE REDUCED UNDER THE ENHANCED HIPC
INITIATIVE
(33 countries, \$ in millions)

<u>TOTAL</u>	Bilateral Creditor	<i>of which</i> Paris Club	U.S.	Multilateral	<i>of which</i> IDA/IBRD	IMF	AfDB/F	IDB	Other MDBs
90.4	65.3	52.3	3.7	25.1	14.2	2.5	2.8	1.8	3.8

Debt relief is good economic policy and good development policy. In the context of a broader economic reform program, debt relief can help a country stabilize its finances and put it on a sustainable path of economic growth. In this context, debt relief can be a good, sound, conservative financial practice. It permits new lending to go to productive uses, where it is needed most, rather than paying off old loans, and it provides support for market-led growth and poverty reduction.

Debt relief also is good development policy. It can free scarce resources that can be used to immunize children and teach them how to read; resources that can be used to combat the AIDS epidemic, and invest in children's futures. Debt relief can mobilize

much-needed funds towards addressing critical social needs, and it can provide effective support for better governance and wider public participation in government.

The Enhanced HIPC Initiative provides deeper, broader and faster debt relief to the world's poorest, most heavily indebted countries. The initiative may reduce HIPC debt by as much as \$90B, over 70% of total HIPC debt. The key objective of the initiative is to promote sound economic policies and achieve greater poverty reduction.

Deeper relief:

- Reduces present value (PV) debt-to-exports ratio from 200%-250%, the threshold under the original HIPC, to 150%; or for very open economies, reduces PV debt-to-revenues ratio from 280% to 250%. Lower debt targets mean deeper relief for all eligible countries.
- Creditor countries forgive up to 90%, or more if needed, of eligible commercial debt.
- Multilateral creditors provide debt forgiveness in proportion to their country exposure.
- The U.S. has indicated that it will forgive 100% of commercial debt to eligible countries and will urge other countries to do the same.

Broader relief:

- As many as 33 of the world's poorest, most heavily indebted nations, mainly in Sub-Saharan Africa, are expected to benefit (up from 20 under the original HIPC Initiative).
- Creditor countries forgive 100% of aid (concessional) loans.

Faster relief:

- Eliminated the six-year framework under the original HIPC Initiative to receive the stock of debt reduction and created a "floating" completion point that allows for debt stock reduction based on country performance.
- Debt service payments are reduced (flow relief) during the first stage of the program, or other interim measures are taken to reduce debt service burdens after the decision point.
- As many as three-quarters of the HIPCs may reach the decision point and receive interim relief by the end of 2000.

New Roles for the IMF and the World Bank: Putting Poverty Reduction First

The United States has worked closely with our G7 partners, NGOs and other interested parties to establish a fundamental new financing framework for the international community's efforts to combat poverty. At the insistence of the United States, the IMF and the World Bank have developed a borrower country-led comprehensive Poverty Reduction Strategy Paper (PRSP). The PRSP will be an integral part of economic and social reform programs under the Enhanced HIPC Initiative, as well as all new concessional lending from the World Bank and the IMF. The PRSP was developed to ensure that macroeconomic policies are set with full appreciation of the

social context and that poverty reduction and social sector considerations are not treated as a residual.

The country receiving debt relief will design the PRSP in consultation with the World Bank, the IMF, and civil society through a participatory process. The Bank will have lead responsibility for assisting countries in defining and monitoring progress in achieving core poverty reduction objectives. The IMF will focus on ensuring a sound macroeconomic framework within which social sector spending will be maintained or increased through the Poverty Reduction and Growth Facility (PRGF), the IMF's new mechanism for concessional lending. The PRSP must be adopted by the Executive Boards of both the IMF and the World Bank.

Transparency and participation are crucial elements to the PRSP. The PRSP is expected to include specific outcome-based targets that can be monitored easily. Monitorable targets encourage increased participation because they force the government to acknowledge the effectiveness of its poverty reduction strategy on an ongoing basis. Creditors will support increased transparency and participation through encouraging public expenditure reviews to monitor spending and to ensure that resources are used effectively and for their intended uses.

Costs of the Enhanced HIPC Initiative and the Current Financing Gap

The total cost of the initiative is \$28.1 billion in today's dollars, or "Present Value". The U.S. share of those costs is approximately \$1 billion. Measuring the costs in Present Value terms gives a sense of how much it will cost a creditor today to forgive loans over a number of years.

TOTAL COST OF THE ENHANCED HIPC INITIATIVE (33 countries, \$ in billions, Present Value)

Creditor	Through 2000	2001+	Total
Bilateral	11.6	2.4	14
Paris Club	9.2	2.3	11.5
Other Bilateral	1.6	0.1	1.7
Commercial	0.8	0	0.8
Multilateral	11.7	2.4	14.1
World Bank	5.2	1.1	6.3
IMF	2	0.3	2.3
AfDB/AfDF	1.5	0.7	2.2
IDB	1.1	0	1.1
Others	1.9	0.3	2.2
Total	23.3	4.8	28.1

U.S. Contribution to the HIPC Trust Fund

- The \$5.5 billion cost to the regional MDBs and other multilateral institutions exceeds their capacity to generate funds internally and large-scale external support of up to \$3.6 billion is needed.
- There has been progress in firming up contributions but more needs to be done. Sixteen countries have contributed a total of \$329 million. There have also been pledges of \$1.776 billion, including \$600 million from the United States. Contributions and pledges from twenty-six donors total \$2.104 billion. However, other donors have conditioned both pledges and additional new funding on a U.S. contribution to the Trust Fund.
- Large donors, including apportioning of EU funding, include the UK (\$316 million), Germany (\$252 million), France (\$199 million), and the Netherlands (\$169 million).
- Latin American institutions face the most immediate financing problem as the three HIPC candidates in Latin America are likely near-term HIPC candidates.

A U.S. contribution is essential to keep the HIPC Initiative on track. Our contribution will encourage new contributions, and catalyze funding for the IDB and other Latin American institutions.

Tropical Forest Conservation Act

The Tropical Forest Conservation Act (TFCA) permits reduction of U.S. concessional debt through buybacks, swaps, or debt cancellation and leverages payment of local currency resources into funds to support programs to conserve tropical forests. In FY 2001, we are requesting \$37 million for debt relief for tropical forest countries, as permitted under the Tropical Forest Conservation Act of 1998. In FY 2000, we received \$13 million in appropriations for this program.

This program is modeled after the Enterprise for the Americas Initiative (EAI) that supported environment and child survival programs in seven Latin America and Caribbean countries. Argentina, Bolivia, Chile, Colombia, El Salvador, Jamaica, and Uruguay have all received debt relief through the EAI. In addition, Peru completed a buyback of USAID debt, pursuant to the EAI legislation, and is beginning to fund similar programs.

Key Facts

- This legislation, which received bipartisan support, was signed into law by the President in July 1998. The President signed the Executive Order to implement the legislation in July 1999.

Department of the Treasury

- The Administration received authorization in FY 1999 to engage in no-cost debt buybacks, debt swaps and debt reduction under the TFCA.
- In order to qualify, countries must demonstrate they have a credible economic reform program in place, an open investment regime, a democratically elected government, and do not engage in terrorism, narcotics traffic, or gross human rights violations.
- Peru has been declared eligible to repurchase its outstanding PL-480 debt of approximately \$225 million. Ecuador, Costa Rica, El Salvador, the Philippines, Belize, Bangladesh, and Indonesia have also expressed interest in participating in programs under the legislation. The Administration, pursuant to the Executive Order, is proceeding to determine their eligibility.

MILITARY ASSISTANCE

International Military Education and Training
Foreign Military Financing
Peacekeeping Operations

INTERNATIONAL MILITARY EDUCATION AND TRAINING
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	49,959	49,810	55,000

National Interests:

The International Military Education and Training (IMET) program is a low cost, effective component of U.S. security assistance that provides training on a grant basis to students from over 125 allied and friendly nations. IMET advances U.S. national interests through:

- furthering the strategic goal of regional stability through effective, mutually beneficial military-to-military relations which culminate in increased understanding and defense cooperation between the United States and foreign countries;
- providing training to augment the capabilities of the military forces of participant nations to support joint operations and interoperability with U.S. forces; and
- increasing the ability of foreign military and civilian personnel to instill and maintain basic democratic values and protect internationally-recognized human rights.

Training provided under the IMET program is professional and non-political, exposing foreign students to U.S. professional military organizations, procedures and the manner in which military organizations function under civilian control. IMET's mandatory English language proficiency requirement establishes an essential baseline of communication skills necessary for students to attend courses. It also facilitates the development of important professional and personal relationships that have permitted U.S. access and influence in a critical sector of society which often plays a pivotal role in supporting, or transitioning to, democratic governments.

A less formal, but significant, part of IMET is the Information Program that exposes students to the American way of life, including regard for democratic values, respect for an individual's civil and human rights, and belief in the rule of law. These are the key elements of the Expanded IMET (E-IMET) program, which fosters greater respect for and understanding of the principle of civilian control of the military. E-IMET also exposes students to military justice systems and procedures and promotes the development of strong civil-military relations by showing key military and civilian leaders how to overcome barriers that can exist between armed forces, civilian officials, and legislators. Finally, the IMET program introduces military and civilian participants to elements of American democracy: the U.S. judicial system, legislative oversight, free

speech, equality issues, and U.S. commitment to the basic principles of internationally-recognized human rights.

Objectives and Justifications:

IMET objectives are achieved through a variety of military education and training activities conducted by the Department of Defense (DoD) for foreign military and civilian officials. These include formal instruction that involves over 2000 courses taught at approximately 150 military schools and installations for roughly 9,500 foreign students. Continuation at this level of instruction will ensure IMET is a useful tool in achieving U.S. international affairs objectives.

The IMET program assists in the professionalization of recipient countries' militaries through participation in U.S. military educational programs. U.S. friends and allies have long recognized such training as essential for the progression of their military leaders. IMET also contributes to strengthened regional friendships and enhanced self-defense capabilities. Finally, IMET and E-IMET effect institutional changes culminating in professional, apolitical militaries under civilian control.

The resulting military competence and self-sufficiency provide a wide range of benefits to the United States in terms of our national security interests and our regional stability goals. As foreign militaries expand their knowledge of U.S. military doctrine and operational procedures, military cooperation is strengthened. This cooperation leads to opportunities for military-to-military interaction, information sharing, joint planning, and combined force exercises that facilitate interoperability with U.S. forces. Access to foreign military bases and facilities, key requirements for U.S. participation in regional stabilization activities is notably expanded.

The following examples underscore how the IMET program supports the regional stability and democracy goals:

- Increased evidence and demonstration of militaries promoting civilian control of the military, improved civil-military relations, and support for democratization;
- Continued opportunities for military-to-military interaction, information sharing, joint planning, combined forces exercises, and U.S. access to foreign military bases, facilities, and airspace;
- Promulgated military regulations that improve military justice systems and procedures in accordance with internationally-recognized human rights;
- Increased number of U.S.-trained foreign military and civilian personnel in military, defense ministry, and legislative leadership positions. Elevation of these students in positions of prominence within their government bureaucracy has a positive effect on support for U.S. policies; and

Military Assistance

- Continued improvement of governments in utilizing their defense resources, particularly U.S.-origin equipment, with maximum effectiveness, thereby contributing to greater self-reliance and interoperability with U.S. forces.

The following table shows the FY 2001 IMET request. Further information on individual country programs may be found in the respective country narratives.

INTERNATIONAL MILITARY EDUCATION AND TRAINING
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Sub-Saharan Africa			
Angola	-	50	50
Benin	372	350	350
Botswana	562	450	500
Burkina Faso	-	-	70
Burundi	-	-	70
Cameroon	184	150	160
Cape Verde	70	100	100
Central African Republic	101	90	100
Chad	87	50	75
Comoros	14	-	-
Congo (Brazzaville)	-	-	75
Congo (Kinshasa)	-	40	75
Cote d'Ivoire	189	150	100
Djibouti	123	100	125
Eritrea	439	305	345
Ethiopia	516	385	400
Gabon	-	50	75
Ghana	391	400	425
Guinea	167	150	175
Guinea-Bissau	-	50	50
Kenya	462	400	425
Lesotho	74	75	85
Liberia	-	-	75
Madagascar	115	100	125
Malawi	343	335	350
Mali	374	280	300
Mauritania	-	-	75
Mauritius	95	50	60
Mozambique	184	180	200
Namibia	145	175	195
Niger	-	-	60
Nigeria	90	600	650
Rwanda	314	235	250
Sao Tome	86	75	85
Senegal	846	735	750
Seychelles	103	75	60
Sierra Leone	-	50	100
South Africa	1,022	800	825

INTERNATIONAL MILITARY EDUCATION AND TRAINING
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Swaziland	91	75	85
Tanzania	181	150	175
Togo	-	-	50
Uganda	305	370	385
Zambia	150	150	160
Zimbabwe	299	300	325
Subtotal - Sub-Saharan Africa	8,494	8,080	9,170
East Asia and Pacific			
Cambodia	-	-	100
Fiji	15	150	160
Indonesia	486	-	400
Laos	-	-	50
Malaysia	713	700	700
Mongolia	429	500	525
Papua New Guinea	156	175	180
Philippines	1,348	1,400	1,400
Samoa	105	100	120
Solomon Islands	157	150	150
Thailand	1,703	1,600	1,560
Tonga	99	100	100
Vanuatu	87	100	100
Vietnam	-	-	50
Subtotal - East Asia and Pacific	5,298	4,975	5,595
Europe			
Albania	650	600	800
Bosnia & Herzegovina	632	600	800
Bulgaria	974	1,000	1,100
Croatia	435	500	525
Czech Republic	1,227	1,500	1,700
Estonia	675	700	800
Greece	25	25	25
Hungary	1,500	1,470	1,700
Latvia	729	700	750
Lithuania	727	700	750
Macedonia	448	500	550
Malta	109	100	100
Poland	1,600	1,600	1,700
Portugal	700	700	750
Romania	1,111	1,100	1,300

INTERNATIONAL MILITARY EDUCATION AND TRAINING
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Slovakia	623	650	700
Slovenia	650	650	700
Turkey	1,514	1,500	1,600
Subtotal - Europe	14,329	14,595	16,350
Near East			
Algeria	124	125	125
Bahrain	228	225	235
Egypt	1,040	1,000	1,100
Jordan	1,654	1,600	1,700
Lebanon	554	550	575
Morocco	927	900	955
Oman	233	225	250
Tunisia	937	900	955
Yemen	122	125	135
Subtotal - Near East	5,819	5,650	6,030
Independent States of the Former Soviet Union			
Georgia	394	400	475
Kazakhstan	383	550	600
Kyrgyzstan	383	350	400
Moldova	485	490	600
Russian Federation	228	800	800
Turkmenistan	261	300	325
Ukraine	1,304	1,300	1,500
Uzbekistan	526	500	550
Subtotal - Independent States of the Former Soviet Union	3,964	4,690	5,250
South Asia			
Bangladesh	394	450	460
India	241	450	475
Maldives	94	100	110
Nepal	189	175	200
Sri Lanka	230	225	245
Subtotal - South Asia	1,148	1,400	1,490
Western Hemisphere			
Argentina	613	700	750
Bahamas	127	100	115

INTERNATIONAL MILITARY EDUCATION AND TRAINING
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Belize	175	250	275
Bolivia	533	550	600
Brazil	206	225	250
Chile	478	450	500
Colombia	917	900	1,040
Costa Rica	240	200	200
Dominican Republic	493	450	450
Eastern Caribbean	444	500	560
Ecuador	569	500	550
El Salvador	491	500	525
Guatemala	253	225	250
Guyana	216	175	195
Haiti	160	275	300
Honduras	560	500	525
Jamaica	472	450	500
Mexico	918	1,000	1,000
Nicaragua	200	200	220
PACAMS	215	-	-
Panama	87	100	110
Paraguay	215	200	200
Peru	478	450	475
Suriname	100	100	100
Trinidad & Tobago	148	125	125
Uruguay	364	300	300
Venezuela	400	400	400
Subtotal - Western Hemisphere Affairs	10,072	9,825	10,515
Non-Regional			
General Costs	735	595	600
Carryforward	100	-	-
Subtotal	49,959	49,810	55,000
Rescission	41	190	-
Total	50,000	50,000	55,000

SUMMARY OF STUDENTS TRAINED UNDER IMET

Country	FY 1999 Actual	FY 2000 Estimate	FY 2001 Proposed
Africa:			
Angola	0	2	2
Benin	80	75	75
Botswana	56	45	50
Cameroon	38	31	33
Cape Verde	2	3	3
Central African Republic	2	2	2
Chad	53	30	46
Comoros	1	0	0
Congo (DROC)	0	2	3
Cote d'Ivoire	56	40	40
Djibouti	6	4	5
Eritrea	10	7	8
Ethiopia	7	5	5
Gabon	0	2	3
Ghana	29	30	32
Guinea	8	7	8
Guinea-Bissau	0	2	2
Kenya	132	114	121
Lesotho	77	78	88
Madagascar	83	72	90
Malawi	105	103	107
Mali	59	44	47
Mauritius	4	2	3
Mozambique	59	58	64
Namibia	8	10	11
Nigeria	7	12	15
Rwanda	52	39	41
Sao Tome & Principe	2	2	2
Senegal	171	149	152
Sevchelles	28	20	16
South Africa	551	431	445
Swaziland	6	5	6
Tanzania	8	7	8
Uganda	20	24	25
Zambia	51	51	54
Zimbabwe	38	38	41
Regional Total	1,760	1,516	1,644
Western Hemisphere:			
Antigua-Barbuda*	16	19	24
Argentina	197	225	241
Bahamas, The	17	13	15
Barbados*	6	9	10
Bolivia	76	78	86
Belize	33	47	52
Brazil	30	33	36
Chile	174	164	182

SUMMARY OF STUDENTS TRAINED UNDER IMET

Country	FY 1999 Actual	FY 2000 Estimate	FY 2001 Proposed
Colombia	611	600	693
Costa Rica	53	44	44
Dominica	6	7	8
Dominican Republic	47	43	43
Ecuador	162	142	157
El Salvador	181	184	194
Grenada	6	6	7
Guatemala	103	92	102
Guyana	20	16	18
Haiti	2	3	4
Honduras	221	197	207
Jamaica	57	54	60
Mexico	194	211	211
Nicaragua	55	55	61
Panama	2	4	4
Paraguay	57	53	53
Peru	44	71	75
St. Kitts & Nevis *	26	29	31
St. Lucia	6	6	7
St. Vincent & Grenadines *	8	10	11
Suriname	86	86	86
Trinidad & Tobago	15	13	13
Uruguay	78	64	64
Venezuela	182	182	182
Regional Total	2,767	2,755	2,971
East Asia & Pacific:			
Fiji	1	6	6
Indonesia	79	0	65
Malaysia	152	149	149
Mongolia	99	115	121
Papua New Guinea	86	96	99
Philippines	214	222	222
Solomon Islands	29	28	28
Thailand	181	170	166
Tonga	28	28	28
Vanuatu	39	45	45
Western Samoa	22	21	25
Regional Total	930	881	963
Europe:			
Albania	126	116	155
Belarus	0	0	0
Bosnia Federation	106	101	134
Bulgaria	118	121	121
Croatia	165	190	199
Czech Republic	178	218	247
Estonia	48	50	57
Georgia	57	58	69

SUMMARY OF STUDENTS TRAINED UNDER IMET

Country	FY 1999 Actual	FY 2000 Estimate	FY 2001 Proposed
Greece	2	2	2
Hungary	197	193	223
Kazakhstan	11	16	17
Kyrgyzstan	13	12	14
Latvia	74	71	76
Lithuania	65	63	67
Macedonia	71	79	87
Malta	8	7	7
Moldova	46	46	57
Poland	248	248	264
Portugal	126	126	135
Romania	281	278	329
Russia	11	39	39
Slovakia	105	110	118
Slovenia	75	75	81
Turkey	180	178	190
Turkmenistan	6	7	7
Ukraine	347	346	399
Uzbekistan	14	13	15
Regional Total	2.678	2.762	3.109
Near East & South Asia:			
Algeria	12	12	12
Bahrain	34	34	35
Bangladesh	78	89	91
Egypt	82	79	87
India	6	11	12
Jordan	196	190	201
Lebanon	163	162	169
Maldives	6	6	7
Morocco	50	49	52
Nepal	13	12	14
Oman	40	39	43
Pakistan	0	0	0
Sri Lanka	9	9	10
Tunisia	118	113	120
Yemen	5	5	6
Regional Total	812	809	858
Worldwide Total	8.947	8.723	9.545

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative for a discussion of specific country programs.

FOREIGN MILITARY FINANCING
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	3,400,150	4,788,994	3,538,200

National Interests:

Foreign Military Financing (FMF) is a critical foreign policy tool for assuring our national security by advancing regional stability around the world. We advance regional stability by ensuring that coalition partners are equipped and trained in order to achieve common security goals and participate in joint missions to contain and defuse political/military crises. Funds provided through this program enable key allies and friends to improve their defense capabilities by financing acquisition of U.S. military articles, services, and training. As FMF assists countries in providing for legitimate defense needs, it also promotes U.S. national security interests by helping to stabilize regions of conflict, strengthen military support for democratically-elected governments, contain weapons of mass destruction, and thereby reduce the likelihood of war. The FMF program results in strengthened coalitions, improved bilateral military relationships, and more capable friends and allies that are increasingly interoperable with U.S. forces.

FMF is related to, but distinguished from, Foreign Military Sales (FMS), the system which manages government-to-government military equipment sales. Many governments do provide their own financing to acquire items and services through the FMS system. However, FMF provides grant financing for acquisition of U.S. military articles, services, and training through the FMS system. By encouraging demand for U.S. systems FMF also contributes to a strong U.S. defense industrial base -- a critical element of the national defense strategy.

Objectives and Justifications:

- To assist allies and friends in financing procurement of U.S. defense articles and services which will strengthen their self-defense capabilities and meet their legitimate security needs;
- To promote defense cooperation and strengthen bilateral ties to the United States;
- To improve key capabilities, e.g., military readiness, transport, communications, of recipients to contribute to international crisis response operations, including peacekeeping; humanitarian response, and disaster relief;
- To promote rationalization, standardization, and interoperability of the military forces of foreign countries with U.S. Armed Forces.

Military Assistance

- To promote the effectiveness and professionalism of military forces, and their role in supporting democratic societies;

The vast majority of FMF goes to the Middle East (Israel, Egypt and Jordan) to promote regional peace and security by helping to meet the legitimate security needs of parties engaged in the peace process. This assistance supports the long-standing U.S. policy goal of seeking a just, lasting, and comprehensive peace between Israel and its neighbors, including the Palestinians. Additionally, FY 2001 FMF grant programs will:

- assist Mongolia in procuring U.S. communication equipment to support its border monitoring mission. The \$2 million for the Philippines will contribute to sustainment of U.S.-origin equipment, including F-5 aircraft, vehicles, and maritime equipment.
- continue to assist the newest NATO members (Czech Republic, Hungary, and Poland) modernize and meet NATO standards for interoperability and help eligible countries obtain training and equipment in support of participation in NATO's Partnership for Peace (PfP);
- assist the Baltic countries in defense modernization efforts and support their peacekeeping capabilities;
- contribute to regional stability in Southeast Europe by promoting military reform;
- assist the Nigerian military with defense reforms to support democracy building efforts;
- help the Caribbean island nations develop the capabilities to sustain U.S. equipment, maintain small professional forces essential to regional peace and security, and provide support in areas such as disaster relief and anti-narcotics trafficking;
- assist our Asian partners in strengthening basic force capabilities and increasing interoperability with U.S. forces, through, for example, modernization of Philippine aircraft,
- help bring stability and peace to troubled nations in Africa by supporting efforts to set up and train units for peacekeeping and humanitarian response missions, by helping sustain bilateral and multilateral peacekeeping operations in several countries, and by assisting efforts to revamp military forces in ways that will instill and sustain the principles of democracy;
- provide training and equipment to increase the number of peacekeeping units worldwide, thereby reducing the reliance on U.S. forces.

The following table depicts the FMF request for FY 2001. Further details about the proposed programs can be found in the relevant country narratives.

FOREIGN MILITARY FINANCING
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Sub-Saharan Africa			
African Crisis Response Initiative	5,000	-	-
East Africa Regional	2,900	2,034	-
Africa Regional Stability	-	-	18,000
Nigeria	-	10,000	-
Subtotal - Africa	7,900	12,034	18,000
East Asia and Pacific			
Mongolia	-	-	2,000
Philippines	1,000	1,000	2,000
Subtotal - East Asia and Pacific	1,000	1,000	4,000
Europe			
Bosnia	4,000	-	3,000
Malta	300	-	-
Czech Republic	7,100	6,000	9,000
Hungary	7,100	6,000	9,000
Poland	6,600	8,000	12,300
Partnership for Peace	44,900	33,400	62,000
Albania	4,000	1,600	4,500
Bulgaria	8,500	4,800	8,500
Estonia	4,700	4,000	6,350
Latvia	4,700	4,000	5,350
Lithuania	4,700	4,400	6,500
Macedonia	6,000	4,000	7,900
Romania	6,500	6,000	11,000
Slovakia	3,200	2,600	8,400
Slovenia	2,600	2,000	3,500
Subtotal - Europe	70,000	53,400	95,300
Near East			
Egypt	1,300,000	1,300,000	1,300,000
- Supplemental	-	25,000	-
Israel	1,860,000	1,920,000	1,980,000
- Wye Supplemental	-	1,200,000	-
Jordan	45,000	74,715	75,000
- Wye Supplemental	50,000	150,000	-
Morocco	4,000	1,500	2,500
Tunisia	2,000	3,000	2,500
Subtotal - Near East	3,261,000	4,674,215	3,360,000

Military Assistance

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Independent States of the Former Soviet Union			
Partnership for Peace	18,900	12,350	16,900
Georgia	7,950	3,000	4,500
Kazakhstan	1,800	1,500	1,900
Kyrgyzstan	1,550	1,000	1,600
Moldova	1,250	1,250	1,500
Russia	-	500	1,000
Turkmenistan	600	600	700
Ukraine	4,100	3,000	4,000
Uzbekistan	1,650	1,500	1,700
Subtotal - Independent States of the Former Soviet Union	18,900	12,350	16,900
Western Hemisphere			
Argentina	850	-	1,000
Panama	590	-	-
Caribbean Regional	1,700	1,700	2,450
Bahamas	130	100	140
Belize	100	100	200
Dominican Republic	370	400	650
Guyana	100	100	125
Haiti	300	300	450
Jamaica	475	475	585
Trinidad & Tobago	225	225	300
Eastern Caribbean	1,300	1,300	1,550
Subtotal - Western Hemisphere	4,440	3,000	5,000
Global/Other			
Enhanced Int'l Peacekeeping Initiative	7,000	2,500	6,000
FMF Administrative Costs (DSCA)	29,910	30,495	33,000
Subtotal - Other	36,910	32,995	39,000
Subtotal	3,400,150	4,788,994	3,538,200
Rescission	--	6,006	--
Total	3,400,150	4,795,000	3,538,200

**DEFENSE ADMINISTRATIVE COSTS
PROGRAM SUMMARY**
(\$ in thousand)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	29,910	30,495	33,000

The requested funding provides for the cost of administrative activities related to non-FMS security assistance programs implemented by the Unified Commands, Military Departments and Defense Security Assistance Agency (DSCA).

Objectives and Justification:

The proposed program level represents the projected costs required to prudently, and effectively, accomplish the managerial and administrative actions necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities and support for non-FMS functions of the overseas Security Assistance Organizations (SAOs).

The Defense Administrative Costs account implements such non-FMS activities as: administration of the IMET program; management of drawdowns of military equipment and services; grant transfers of excess defense articles and naval vessels; fulfilling responsibility for monitoring military items previously transferred under the former Military Assistance Program (MAP); reviewing FMF-financed Direct Commercial Contracts (DCC); and management of the FMF program. The initiation and expansion of security assistance relationships with many new democracies around the world, but principally in Central Europe, the New Independent States, and South Africa, require the establishment of SAOs in an increasing number of locations.

The FY 2001 request for Defense Administrative costs will fund the establishment and/or the continuing operating costs of new SAOs and is essential to the effective management of security assistance programs with these new defense partners. The sustained increases in IMET funding levels from the FY 1995 level of \$26 million has also increased administrative workload and funding requirements. Departmental and headquarters management and oversight for FMF programs, not connected to FMS, have grown significantly. The amount requested is the minimum essential funding to do the job.

Military Assistance

FMF ADMINISTRATIVE COSTS
(\$ in thousands)

	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Departmental & Headquarters Administrative Expenses	7,210	7,505	9,495
SAO Administrative Expenses /1	22,700	22,990	23,505
Total Budget Authority	29,910	30,495	33,000

/1 Excludes those Defense Security Cooperation Agency (DSCA) and overseas security assistance organization (SAO) costs related to FMS which are financed from sales under sections 21, 22, and 29 of the Arms Export Control Act. See Overseas Military Program Management table for further details on SAO costs.

PEACEKEEPING OPERATIONS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
PKO	76,500	152,418	134,000

National Interests:

Peacekeeping Operations (PKO) funds support U.S. national interests in promoting human rights, democracy, and regional security, and facilitating humanitarian response. The PKO account promotes increased involvement of regional organizations in conflict resolution, multilateral peace operations, and sanctions enforcement. The United States has a strong interest in enhancing the ability of other nations to lead or participate in voluntary peacekeeping and humanitarian operations through these organizations in order to reduce the burden on the United States. PKO funds also help leverage fair-share contributions to joint efforts where no formal cost sharing mechanism is available.

Objectives and Justifications:

Peacekeeping is often necessary to separate adversaries, maintain peace, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants, and create conditions under which political reconciliation may occur and democratic elections may be held. Such peacekeeping operations can reduce the likelihood of hostile interventions by other powers, prevent the proliferation of small conflicts, facilitate the establishment and growth of new market economies, contain the cost of humanitarian emergencies, and limit refugee flows.

PKO account objectives include: promoting peace and security by supporting multilateral peacekeeping initiatives; encouraging greater participation of foreign forces in international peacekeeping activities; and leveraging fair-share contributions to peacekeeping efforts from those countries with greater potential to pay, while facilitating increased participation of poorer countries when resource constraints would otherwise prevent it.

Programs for FY 2001 include:

- Support for the Organization for Security and Cooperation in Europe (OSCE), to carry out conflict prevention and crisis management missions in Bosnia, Kosovo and selected Central European countries and the New Independent States, as well as to institute a rapid reaction capacity to deploy teams to address crises throughout the OSCE region;
- Support for a growing number of peacekeeping initiatives in Africa. These include the Joint Military Commission, which is working with the United Nations

to implement the cease fire agreement in the Democratic Republic of the Congo; the Organization of African Unity (OAU), which is working to promote peace in Angola, southern Sudan and the unstable Great Lakes region; and the evolving Economic Community of West Africa States (ECOWAS) as a regional peacekeeping headquarters. PKO funds would primarily provide transportation, communications, and basic non-lethal infantry equipment for peacekeeping units that provide the stability necessary for social, economic and democratic institutions to take hold;

- Support for the African Crisis Response Initiative (ACRI), which continues to facilitate the participation of select African countries in peacekeeping and conflict resolution operations throughout Africa by training and equipping them to help respond quickly to regional and international humanitarian crises;
- Support for ongoing bilateral and/or multilateral peacekeeping and capacity-building efforts in East Timor, such as continued U.S. civilian police participation in the UN Transitional Administration in East Timor (UNTAET) mission, and assistance in local police force and criminal justice system development;
- Continued support for the Multinational Force and Observers (MFO) in the Sinai, which monitors the common border areas between Israel and Egypt in support of ongoing progress in the Middle East peace process;
- Support for the voluntarily funded International Civilian Mission for Support in Haiti (MICAH), which provides technical assistance in the areas of professionalization of the Haitian National Police, administration of justice and human rights; and
- Continued U.S. participation in the Israel-Lebanon Monitor Group with France, Syria, Lebanon, and Israel to promote stability in the volatile southern Lebanon region. Efforts of this multilateral monitoring group have resulted in limiting civilian casualties and provide an important confidence building forum for all parties.

The following table outlines the PKO request for FY 2001. Further details may be found in the Country Program narratives of those nations that participate in these regional and multilateral operations.

PEACEKEEPING OPERATIONS
(\$ in thousands)

Country/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Africa Regional	9,157	13,000	15,000
African Crisis Response Initiative	12,500	20,000	20,000
Haiti	2,000	6,750	4,000
Israel-Lebanon Monitor Group	996	1,000	1,000
Multinational Force Observers	15,596	16,000	16,000
Organization of American States (Haiti)	1,531	--	--
OSCE (Bosnia)	14,470	39,800	21,000
OSCE (Kosovo)	11,619	40,000	29,000
OSCE Regional	6,231	7,368	10,000
East Timor	--	8,500	18,000
Peru	2,400	--	--
Subtotal	76,500	152,418	134,000
Rescission	--	582	--
Total	76,500	153,000	134,000

MULTILATERAL ECONOMIC ASSISTANCE

Multilateral Development Banks
International Organizations and Programs

MULTILATERAL DEVELOPMENT BANKS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
MDBs	1,451,264	1,110,308	1,353,916

The FY 2001 budget request covers the World Bank Group, five regional development banks, and the Global Environment Facility (GEF). The World Bank is comprised of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The five regional development banks include: the Inter-American Development Bank Group (IDB), the Asian Development Bank Group (AsDB), the African Development Bank Group (AfDB), the European Bank for Reconstruction and Development (EBRD), and the North American Development Bank (NADBank). Collectively, we refer to this system as the multilateral development banks (MDBs).

The MDBs play a unique role by using their resources and expertise to tailor programs, policies and operations to deal with broad development issues starting with poverty reduction and improving conditions for the poorest. Through lending programs and policy dialogue these institutions have engaged with member countries to help them embark on the policy reforms necessary to build market economies and promote private sector-led development--all with the ultimate goal of seeing these countries eventually gain unassisted access to international capital markets.

The World Bank Group and those of the regional development bank groups consist of both a hard loan window and a soft loan window. The hard loan windows provide loans at market-based rates to lower and middle-income developing countries. Developed countries, such as the United States, provide the bulk of the capital base for these loans through paid-in and callable capital subscriptions, enabling the MDBs to access the international capital markets for operating funds on preferred terms. The soft loan windows provide loans on a concessional basis (long maturities of 30-40 years with grace periods and very low interest rates) to the poorest countries unable to borrow international capital markets. Funding for these loans is provided by donor countries through periodic replenishments, as well as through both repayments of prior loans and use of the institution's own income earnings. In both cases, hard and soft loan operations, the multilateral character of the institutions, and their direct access to capital markets means that U.S. participation is highly leveraged in terms of the amount of development it supports.

The MDBs also lend to, and invest directly in, the private sector. In the World Bank Group and the Inter-American Development Bank Group, the IFC, MIGA, and IIC respectively provide loans and equity investments to projects in developing countries where risks are too high for the private sector to be the sole source of financing.

Multilateral Economic Assistance

Generally these investments provide only a portion of the necessary financing and act as an inducement for substantial co-financing by private investors. Other MDBs, such as the EBRD, have major private sector operations. The EBRD, in particular, commits over 60% of its financing to private sector projects.

Multilateral Development Bank Key Facts

- In 1999, MDBs lent \$65.2 billion at a cost to the U.S. of \$1.1 billion; by comparison, in FY1995 the MDBs lent approximately \$46 billion, at a cost to the U.S. of \$1.8 billion. In FY 1999, U.S. bilateral economic assistance totaled \$9.6 billion.
- In 1998, U.S. firms received \$4.8 billion from contracts arising from MDB investment and adjustment operations.
- In 1999, 32% of total MDB development finance went to Eastern Europe and the former Soviet Union, 31% to Latin America, 28% to Asia, 5% to sub-Saharan Africa and 4% to the Middle East.
- Sub-Saharan African countries have limited capacity to repay MDB loans with positive real interest rates, receiving less than 1% of MDB market-based (hard loan) lending in 1999. In contrast, they received nearly 30% of concessional MDB lending in 1999. During IDA-11 (1995-98), sub-Saharan African countries received 35% of IDA lending.
- The MDBs are increasingly active in key policy areas of high priority to the U.S., including poverty reduction, trade and investment reform, sound environmental practices, private sector development, good governance, and the advancement of workers rights. Due to sustained advocacy by the United States, there have been significant achievements in improving the efficiency and quality of MDB operations in the past few years.
- At the end of FY 1997, the U.S. arrears to the MDBs totaled \$862 million, threatening to undermine our leadership of the multilateral financial system we helped create. Bipartisan collaboration in the U.S. Congress helped cut these arrears to \$335.3 million by end-FY 1999. However, underfunding in FY 2000 pushed arrears back up to \$451.1 million. While our request for \$167.1 million for FY 2001 would still leave \$284 million in arrears to clear in future years, it is an important down payment.

Notable Achievements in 1999

- In 1999 there was a marked recovery in growth rates for Asia, ranging from 3.2% in the Philippines to as high as 9.7% in Korea. For 2000, continued growth is projected. Correspondingly, MDB lending to crisis countries has also dropped significantly. This was achieved in part by the World Bank, AsDB and IDB's continued work with the IMF and other donors to assist countries affected by the

financial and economic crisis of late 1997 and 1998. Countries, including Indonesia, Russia, Brazil and Ukraine, are taking substantial steps, as called for under MDB and IMF assistance packages, to address fundamental structural weaknesses such as financial sector reforms, increasing transparency and reducing government involvement in economic and financial decision making.

- Under U.S. leadership, the Enhanced HIPC Initiative was adopted by the World Bank and IMF at their 1999 annual meetings. Under the Enhanced HIPC Initiative, countries committed to economic, social and governance reforms will be provided debt forgiveness on their outstanding MDB loans. A key feature of the Enhanced HIPC Initiative is the Poverty Reduction Strategy Paper (PRSP) prepared in collaboration between the country designated as HIPC-eligible, with the advice of civil society, bilateral donors, MDBs, and the IMF. The PRSP will serve as a framework whose purpose is to ensure that the one-time debt reduction provided by HIPC produces demonstrable progress towards debt sustainability, poverty reduction and self-generating growth.
- The HIPC Trust Fund is a principal component for IFI participation in the Enhanced HIPC Initiative. The HIPC Trust Fund, administered by the World Bank, helps regional development banks and other multilateral institutions meet their costs of debt relief after making use of internal resources. Total multilateral costs of the Enhanced HIPC Initiative are \$14.1 billion; the IMF and the World Bank represent about 60% of those costs. Funding for the HIPC Trust Fund is necessary to generate sufficient resources for meaningful debt reduction.
- In 1999 Congress authorized five replenishment and capital increase agreements for the MDBs.

Leveraging MDB Budgetary Resources

The institutional reforms we obtained as part of recently concluded replenishment and capital increase negotiations are taking shape and will yield benefits well into the future. Each of these negotiations served as a vehicle to promote U.S. policy priorities and secure needed institutional reforms while limiting new U.S. financial commitments to minimal increases.

- African Development Bank: The General Capital Increase (GCI) agreement, reached in 1998, increased Bank resources by 35%. The U.S. share of the GCI is \$40.8 million in paid-in capital over eight years, or \$5.1 million annually. As part of the GCI, important institutional changes were adopted that increased the shares and voting power of non-regional countries and cemented our capacity to chart a more effective course for the Bank in promoting growth and poverty reduction in Africa.
- African Development Fund: In early 1999 donor countries agreed on the Eighth Replenishment for AfDF. The U.S. share of the replenishment is \$300 million over three years, or \$100 million annually. Under the terms of the replenishment, there are

major reforms underway to improve governance, link resource allocation to country performance, and intensify collaboration between the World Bank and the African Development Bank.

- **IDA:** The IDA-12 agreement, reached in late 1998, will enable IDA to lend \$20.5 billion for 2000-2002. The U.S. annual contribution under IDA-12 remains nearly unchanged (\$803.43 million, compared to \$800 million under IDA-11). This agreement was centered on specific operational improvements to improve transparency, bolster IDA's effectiveness in reducing poverty, build market-oriented policies and institutions, and promote sustainable economic development. There is a much stronger linkage between new lending and borrower performance, including greater emphasis on good governance and anti-corruption efforts in lending allocation decisions. The Bank has increased consultations with the public in operational planning and is increasing its own transparency and accountability. As of July 1, 1999, all country assistance strategies (CAS), a key planning document for future lending, are available to the public unless the Executive Board votes to keep one private. Also as of July 1, 1999 China is no longer eligible to use IDA resources.
- **MIGA:** A \$1 billion general capital increase agreed in early 1998 succeeded in minimizing direct budgetary costs for the United States while maintaining our share at its traditional level of nearly 21%. The U.S. share is \$30 million in paid-in capital and \$150 million in callable capital over a three-year period. On policy issues, we obtained commitments from MIGA to incorporate core labor standards into its contract language, create an inspection function and adopt substantially improved environmental and information disclosure policies consistent with those in place elsewhere in the World Bank Group.
- **Inter-American Investment Corporation:** In 1999 agreement was reached on the first general capital increase for the IIC. The U.S. share under this five-year agreement is \$125 million in paid-in capital. U.S. participation in the GCI was conditioned on IIC adopting policy changes in areas including worker rights, the environment, an inspection panel function, public disclosure and evaluation.

In addition to the successes achieved in the negotiation of these various replenishments and capital agreements, in late 1998, the U.S. successfully concluded negotiation of a zero U.S. cost funding package for the IDB's soft loan window, the FSO. This agreement achieved financing for ten years of FSO lending without requiring new donor resources. The IDB will convert, over 15 years, about \$2.4 billion in IDB-owned local currencies for application to programs in FSO countries. This financing package is expected to result in savings to the U.S. of \$500 million over ten years, compared to traditionally structured replenishments.

Increasing MDB Operational Effectiveness and Accountability

We continue to press successfully for greater cost effectiveness and accountability in MDB operations, including more objective measurement and assessment of performance and results.

- World Bank: The quality of World Bank loans is improving. In 1999, based on three categories – quality of the projects at entry, during implementation and at completion – the majority of the Bank's projects were scored as satisfactory or higher.

On operational issues, the Bank's performance is also improving. In the past year, the Bank has moved decisively to address corruption both in its internal operations and with borrowers. By way of internal measures, it has established an Oversight Committee on Fraud and Corruption, has set up a fraud hot line, assured confidentiality to whistleblowers and revised its Code of Professional Ethics. Efforts with client countries include linking new lending with borrower performance, including efforts to combat corruption, and technical assistance and other targeted programs to address pervasive forms of corruption in particular countries.

Following a three-year implementation period of major institutional restructuring (the Strategic Compact), the Bank's budget is projected to return to its FY 1997 level in FY 2001. With our engagement, the Bank has put in place a more flexible employment and pension policy and has revised its salary structure to more closely follow the market and reduce costs. After extensive review, the Bank is improving its staff grievance process to include, among other things, an option for external mediation.

A review of the Bank's public disclosure policy is also underway.

- African Development Bank: Under strong U.S. leadership and effective new management, the Bank is actively pursuing a far-reaching restructuring and reform program. It has reinforced its sanctions on countries in arrears, instituted more systematic risk assessment in lending operations and installed important internal controls systems for procurement and payments. It has shaped its focus on reaching the rural poor and has substantially improved both the quality and quantity of internal evaluation of its own effectiveness.
- EBRD: For the seventh consecutive year, EBRD's administrative budget has not grown in real terms. While the Bank recorded small profits from 1995-1997, it reported a loss in 1998 due to fallout from the Russian financial crisis. For 1999, however, a small profit is projected. Since 1993, 74% of EBRD's projects have been judged as "high" in transition impact. In 1998, EBRD mobilized \$662 million in private co-financing, up from \$445 million in 1997. EBRD co-financing with other export credit agencies totaled \$306 million in 1998, compared to \$33 million in 1996.

- Global Environment Facility: GEF allows non-government organizations (NGOs) full observer status at all GEF Council meetings; all Council documents are available to the public. Administrative costs are carefully contained by the fact that GEF-designed projects implemented by other agencies and the borrowers themselves.
- In a continuing effort to increase transparency and enhance information disclosure, all of the MDBs have increased the amount and timeliness of information available, including greater reliance on their respective Internet websites as a means of providing more information.

Private Sector Development and Financial Sector Reform

- All of the institutions have in place substantial programs to magnify the impact of their assistance through private sector development. As a means to reaching this goal, the MDBs are supporting programs to privatize and restructure banks, introduce greater competition and increase transparency in the financial sector, reduce impediments to competition and entry by foreign firms, and build independent regulatory and oversight authorities.

Poverty Reduction

- Eliminating poverty and improving conditions for the poorest remains a key objective for all the MDBs. The institutions continue to focus systematically on methods and programs to achieve these goals.
- IDA: The World Bank is prepared to allocate up to 50% of new IDA resources to Sub-Saharan Africa, and to focus 40% of investment lending on social sector operations, all subject to borrower performance and need respectively.
- IDB-Fund for Special Operations: Under the most recent FSO agreement, revised lending and eligibility criteria are ensuring that resources are targeted on the region's poorest countries.
- Asian Development Bank: AsDB is delivering on its commitment to direct over 40% of AsDF resources to projects that have social or environmental goals as the leading objectives.
- African Development Fund: As called for under AfDF-8, poverty alleviation will be a focus of AfDF lending with priority given to those countries with a demonstrable commitment to fundamental reforms.

Good Governance

- All of the institutions have in place policies and procedures designed to eliminate opportunities for corruption both with borrowing countries and internally.

- **World Bank:** The Bank's efforts to weed out corruption are proceeding on two levels – directly with borrowers and internally – reflecting an emphasis on this issue brought about in large part by U.S. advocacy. In external operations, the IDA-12 agreement strengthens the linkage between new lending and borrower performance on criteria including governance and efforts to fight corruption. The Bank has developed tools to identify and address corruption in particular countries. Internally, the Bank has set up a fraud hot line, assured confidentiality to whistleblowers, tightened internal controls and improved its grievance system. As part of its efforts for greater accountability and transparency, MIGA and IFC have established a Compliance Advisor Officer.
- **Inter-American Development Bank:** Regular use is made by the Bank of independent audits and reviews by internal auditors to assess the adequacy and effectiveness of the Bank's controls.
- **African Development Bank:** In late 1999 the Bank adopted a policy on good governance to support borrowing countries' efforts to improve accountability and transparency. Within the Bank itself, it has strengthened its rules on procurement and use of consultants. Under its performance-based allocation system, policies and programs in borrowing countries to eliminate opportunities for corruption are given greater consideration.
- **Asian Development Bank:** An anti-corruption unit was established in 1999 to implement the Bank's anti-corruption policies, in addition to a bank-wide study on internal controls.
- **EBRD:** In late 1999, EBRD took steps towards establishing a Chief Compliance Officer, who will be responsible for promoting good governance in Bank operations

Labor Rights

- Across the multilateral development institutions there is continued progress to bring additional focus to bear on workers' rights issues. The relationship between labor standards and economic development is increasingly recognized in internal MDB planning and country strategy documents as the U.S. presses for incorporating core labor standards into the planning and implementation of projects and policies.
- All U.S. Executive Directors at the IFIs continue efforts to elevate labor issues routinely on the agenda of the respective institutions, including raising core labor standards in discussions of relevant projects and country assistance strategies and pressing institutions to adopt and implement internal screening mechanisms.
- Collaboration between the IFIs and the International Labor Organization (ILO) has broadened and deepened, largely in response to U.S. advocacy. The ILO was given observer status at the 1999 meetings of the Development Committee and the

International Monetary and Financial Committee (formerly the Interim Committee). This status will ensure continuity and enhance the quality of cooperation among the three institutions.

Environment and Development Issues

- All of the MDBs are working on increasing the number of environmental impact assessments and related information on their Internet websites.
- Global Environment Facility: As part of the policy reform agenda called for in the
- GEF-2 replenishment agreement, GEF has strengthened its performance indicators for both projects and programs.
- World Bank: Recent advancements at the World Bank include a new environmental strategy for the energy sector, deeper coordination with GEF on financing projects to promote renewable energy and creation of an internal compliance monitoring unit to better ensure that projects are consistent with environmental and social safeguard policies.
- Inter-American Development Bank: The Inter-American Investment Corporation has adopted strengthened environmental assessment and information disclosure policies for small private sector loans, as agreed in the recently concluded general capital increase.
- African Development Bank: The AfDB is focussing efforts to balance growth and environmental concerns to foster sustainable development. As part of its performance based allocation system, environmental policies are given greater consideration. For example lending operations in Kenya and Benin were designed to address the twin goals of greater growth and promoting conservation and management of natural resources.
- Asian Development Bank: The AsDB is currently developing indicators to take environmentally damaging subsidies directly into account in its lending allocations and to strengthen treatment of the adequacy of natural resources management in its individual country operational strategies. AsDB is also increasing its involvement in GEF projects and is adding environmental staff in operational offices.
- EBRD: The EBRD continues efforts to further strengthen its policies on environment and information disclosure. In 1999 it developed new strategies for natural resources and energy and created a private investment fund for energy efficiency and cleaner, renewable fuels.

MULTILATERAL DEVELOPMENT BANKS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Multilateral Development Banks:			
Global Environment Facility (GEF)	167,500	35,800	175,567
International Development Association	800,000	771,290	835,570
Multilateral Investment Guarantee Agency (MIGA)	--	4,000	16,000
Inter-American Development Bank (IADB)			
Ordinary Capital Account	25,611	25,611	--
Fund for Special Operations	21,152	--	--
Asian Development Bank	13,222	13,728	--
Asian Development Fund	210,000	77,000	125,000
African Development Bank	--	4,100	6,100
African Development Fund	128,000	127,000	100,000
European Bank for Reconstruction/Development	35,779	35,779	35,779
IADB - Multilateral Investment Fund (MIF)	50,000	---	25,900
Inter-American Investment Corporation	--	16,000	34,000
Subtotal, Multilateral Development Banks	1,451,264	1,110,308	1,353,916

GLOBAL ENVIRONMENT FACILITY (GEF)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
GEF	167,500	35,800	175,567
GEF arrears	167,500	35,800	68,067

For FY 2001, the Administration requests appropriations of \$175.6 million for GEF. Of this, \$107.5 million is to cover the third of four annual scheduled payments under the second GEF replenishment (GEF-2), while \$68.1 million is requested to clear roughly one-third of the total arrears of \$204 million. Without payment of our regular commitment and some reasonable progress on clearance of U.S. arrears, other donors are likely to withhold contributions and the GEF could run out of funds by the mid-2000. This would halt the project pipeline, jeopardizing time-sensitive projects under preparation.

Institutional Mandate

Established in 1994, the GEF develops and partially funds projects to reduce international water pollution and over-fishing; to promote energy conservation and renewable energy; to phase out ozone-depleting gases still produced in developing countries; to support better forestry and wildlife management; and to conserve biological diversity.

GEF specializes in two areas. First, it pilots innovative, cost-effective approaches to environmental challenges that can be duplicated elsewhere and financed on a larger scale by non-GEF sources. For example, GEF wind power demonstration investments in India, Costa Rica, China, Mauritania, and Sri Lanka have spurred extensive follow-on private and public investment in similar projects. Second, it provides technical assistance and policy advice to build the country conditions needed to "mainstream" environmentally sound investments. It also helps neighboring countries to collaborate better trans-border environmental problems with wider regional implications.

Finally, the GEF is the sole international financial institution dedicated to helping developing countries identify environmental measures that also support economic development, and "mainstreaming" these win-win options into regular country development plans. The active engagement by the developing countries that this approach ensures is essential to make enduring progress on environmental issues with global dimensions, while simultaneously making progress to reduce poverty and support sustainable development.

Key Facts

- To date, GEF has approved over 600 investment and capacity-building projects and disbursed about \$1 billion. In addition, an innovative small grant program has provided over 1200 grants (up to \$50,000) directly to NGOs and community groups.
- GEF's projects fall into four categories:
 - Conserving biodiversity (39% of its portfolio)
 - Expanding clean energy production and efficient use (36%)
 - Cleaning up international waters and protecting fisheries (14%)
 - Phasing out ozone-depleting chemicals (6%)
- The GEF is more than a financial pass-through mechanism. It is a highly cost-effective vehicle to mobilize targeted assistance: each U.S. dollar leverages about \$10 in co-financing.
- GEF set high transparency standards: NGOs have full observer status in GEF's governing council and can speak at all Council meetings; all GEF Council documents are public and posted on the Internet at www.undp.org/gef.
- GEF is a lean organization, in large part because its projects are mainly implemented by other agencies. These implementing agencies (soon to be joined by the regional development banks) are:
 - World Bank, which manages demonstration investment projects;
 - United Nations Development Program, which runs capacity building programs;
 - United Nations Environment Program, which provides technical assistance.
- GEF is implementing a substantial reform agenda, largely reflecting priorities we pushed in the GEF-2 replenishment negotiations. Key reforms include:
 - New performance indicators to monitor and demonstrate results have been developed for GEF's sustainable energy program. More generally, new projects across the portfolio are being designed to have clear objectives, stronger indicators, and more comprehensive monitoring plans.
 - Project monitoring and evaluation is being strengthened.
 - New instruments (i.e., loan guarantees and project insurance) are being used to promote private sector environmental projects.
 - GEF is gearing up to focus more closely on the impact of persistent organic pollutants on human life and the environment.

Supporting U.S. Objectives

Promoting Sound Environmental Policy

- Sound environmental policy in developing countries protects the long-term interests and health of all Americans.
- The GEF is highly focused: it funds only the parts of projects that demonstrate global environmental benefits – those that affect Americans as well. Recipients pay for local benefits and thereby take greater responsibility for protecting their own environment.
- GEF-supported global conservation trust funds work to protect globally significant biodiversity by expanding protected areas and ensure sustainable livelihoods for local people.

Promoting U.S. Business

- The GEF expands markets for environmental technologies and services, where the U.S. has strong export competitiveness. About 40% of GEF contracts with private sector solar energy companies have gone to U.S. firms, and GEF projects have helped expand markets for solar equipment by 70% in the last few years. In addition, roughly 30% of all GEF procurement awards to donor countries goes to U.S. firms.
 - Biomass gasifiers to produce clean fuel from sugar cane residues in Brazil
 - Electric buses to reduce air pollution in Egypt
 - Solar energy for remote rural villages throughout the developing world.

Promoting Democracy and Good Governance

- GEF operations systematically involve NGOs, local communities, and private firms in all stages of projects. In some cases, it may well be the first time local people have had a real voice in their own futures.
 - One example: GEF established a network of government ministries, national and local government agencies, industries, agricultural bodies, and non-governmental organizations to agree on key problems and approaches to address pollution in the 800,000 square kilometer Danube River Basin. This same approach is now being applied by GEF to reduce discharges and mitigate downstream impacts on the Black Sea.

WORLD BANK GROUP
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IDA	800,000	771,290	835,570
IDA arrears	--	--	32,140

The Administration requests \$835.6 million for FY 2001. Of this amount, \$803.4 million is for the second of three annual payments under the U.S. commitment to the twelfth replenishment of IDA (IDA-12), covering the period July 1999 to June 2002. The remainder, \$32.1 million, is to clear arrears.

The total value of IDA-12 is \$21 billion; of this, \$11.6 billion will be covered by new commitments from donor countries and the remainder by repayment reflows on previous loans and by direct income transfers from the World Bank. The total U.S. commitment to IDA-12 is \$2.4 billion. The U.S. share of new donor commitments is maintained at 21%.

The annual U.S. commitment to the IDA-12 replenishment (\$803.4 million) is less than a 1% increase over our annual commitment (\$800 million) under the previous IDA replenishment (IDA-11).

IDA's Institutional Mandate

In 1960, under the leadership of the Eisenhower Administration, IDA was created as the soft loan affiliate of the IBRD to promote sound economic management and poverty reduction among its poorest developing members. IDA provides concessional loans for economic reform, infrastructure, human capital development, improving the environment, and disaster recovery, as well as policy advice and technical assistance. Its goal is to help the poorest countries create the social and economic conditions needed to achieve sustainable growth and poverty alleviation. The majority of IDA funding comes from periodic replenishments from donor countries, though repayments from past loans are an increasingly important source of IDA resources.

Key Facts

- The U.S. share of IDA is approximately 21%, down from 42% initially.
- For IDA-12, every \$1 of U.S. funding leverages just over \$8.50 in IDA development loans.

Multilateral Economic Assistance

- Currently 78 countries are eligible to use IDA resources. With the exception of five small islands have per capita income below \$1,460 with limited or no ability to borrow on market terms.
- 80% of IDA lending goes to countries with per capita income below \$650, or less than \$2 per day.
- A total of twenty-three countries have graduated from IDA.
 - As of July 1, 1999 China is no longer eligible to use IDA resources.
 - Other recent IDA graduates include Egypt and Equatorial Guinea.
- Because of a decline in per capita income, in 1999 Indonesia became eligible for IDA again. In WB FY 99 it received two loans, one for urban development and one for basic education.
- Several former IDA borrowers, such as Korea and Botswana, are now IDA donors.
- In WB FY 99 (ending June 30, 1999), IDA made loans of \$7 billion, compared to \$7.5 billion in WB FY 98. Since its establishment, IDA has made commitments totaling \$116 billion.
- While IDA focuses on poverty alleviation, it also supports infrastructure improvements and economic reform. During WB FY 99, 33% of IDA lending went to the social sectors (i.e., education, health, water and sanitation, and social protection), 19% for agriculture, 25% for infrastructure and 17% for economic reforms.
- During the last three years (WB FY 97-99), 35% of IDA lending went to Sub-Saharan Africa and 30% went to South Asia.
- During the last three years (WB FY 97-99), the top-16 of the 78 IDA-eligible countries, (i.e., the top policy performers) received 80% more IDA assistance per capita than average performers and three times more than poorest performers. This is significantly more than during the previous three years (1994-96).
 - Policy performance is determined on the basis of monitorable criteria addressing economic management, structural policies, policies for social inclusion, and governance.
- Growth in IDA borrowing countries has improved substantially since 1990. Overall GDP growth in IDA-only countries increased from under 2% in 1991-93 to 4.3% in 1994-96, falling to around 3% during 1998-99 with the financial crisis in emerging markets.

Multilateral Economic Assistance

- IDA's African borrowers have kept up with growth in other IDA-only borrowers.

Progress on Implementing Reforms Called for Under IDA-12

Performance and Good Governance

- Under IDA-12, governance and social policies are factors in determining the amount of IDA lending. In the past year, 10 countries had their lending cut sharply because of poor governance. Another six countries are currently not receiving IDA lending, also because of poor governance.
- Governance factors were a key element in the design of the lending strategies for Bangladesh, Kenya, Nepal, and Papua New Guinea.

Fiscal Transparency

- Under IDA-12, a review of public expenditures, including military expenditures, is a building block for Country Assistance Strategies (CAS). For example, in Ethiopia's Public Expenditure Review, the amount of military spending as part of its total public sector budget was a key topic.

Transparency and Participation

- Under IDA-12, CAS on IDA countries will be disclosed after July 1, 1999, unless a majority of the Executive Board votes to keep one private.
- The Bank makes available Project Information Documents, Project Appraisal Documents, Environment Assessments and summaries of Operational Evaluations Reports. Many of these documents are available on Bank's Internet website (www.worldbank.org).
- The Bank has developed a source book to enhance participation, including that of local beneficiaries, in the development of Bank projects. In addition, the Bank is developing a policy on social assessment, which should also help to enhance and improve local participation.
- IDA is encouraging greater participation in its programs. More than 60% of projects have some form of participation and around 40% of projects have extensive participation (i.e., collaboration and direct stakeholder involvement).

Core Labor Standards

- As part of the IDA-12 agreement, the Bank is following through on its commitment to expanded collaboration with the ILO on core labor standards, and to covering them in Country Assistance Strategies and in the evaluation of borrower performance.

Supporting U.S. Objectives

IDA's borrowing countries are home to an estimated 2.3 billion people, more than one-third of whom live on less than \$1 a day. Poverty reduction and projects in the social sector are a key focus of IDA's activities. The World Bank Group has implemented a wide array of policies to deliver on objectives that are the core of the U.S. development strategy. Priority issues for IDA include: social sector investments in basic health and education; poverty reduction; environmental protection and private sector development.

Social Sector

- The Bank is the world's largest lender for projects that most directly contribute to child survival: basic health, primary education, nutrition, safe clean drinking water, and proper sanitation.
- In WBFY99, IDA lending to the basic social sectors was 33% (\$2.31 billion) of its total lending. For the three years covered by IDA-12 (1999-2002), the Bank has set 40% as its target for social sector lending, compared to 19% in the late 1980s.

Lending in Support of Post-Conflict Recovery

- The World Bank has coordinated donor assistance for reconstruction in Bosnia and Herzegovina, Kosovo and East Timor and has contributed money from its earnings. It also extended emergency credits to countries affected by the Kosovo conflict.

Disaster Assistance

- Within a month of Hurricane Mitch in late 1998, the World Bank redirected \$200 million from existing projects to immediate emergency and reconstruction needs in Nicaragua, Guatemala and El Salvador. Within two months, it extended a \$200 million IDA credit to Honduras and a \$50 million credit to Nicaragua to finance their rehabilitation import needs. It also established a trust fund to help affected countries service their official multilateral debt, using funds from bilateral donors.

IFI Collaboration

- The World Bank and the IMF are working together to assist borrowers to develop their own Poverty Reduction Strategy Papers (PRSP), which will be required in order for countries to be eligible for HIPC debt relief. The PRSPs will also guide Bank and Fund future lending programs for all IDA and ESAF-eligible countries.
- Work is underway on a World Bank-AfDB Memorandum of Understanding outlining an enhanced strategic partnership between the two institutions. A key part of the MOU will be a two-year rolling business plan on cooperation to avoid duplication of effort. A draft of the MOU is expected in early 2000.

Project Quality

- IDA works to correct problem projects and to incorporate lessons learned in new projects. In WBFY99, around 90% of projects were achieving their development objectives and showed satisfactory progress with implementation.

WORLD BANK GROUP
MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
MIGA	--	4,000	16,000
MIGA arrears	--	--	6,000

The Multilateral Investment Guarantee Agency (MIGA) is a member of the World Bank Group. Chartered in 1988, MIGA was created to encourage foreign direct investment by providing investment insurance (guarantees) against non-commercial risks in developing countries, i.e., expropriation, transfer restrictions, currency inconvertibility, and political violence. It provides the same kind of political risk insurance products as OPIC without OPIC's U.S. investor eligibility requirements. MIGA and OPIC maintain a good working relationship. OPIC has reinsured and co-insured U.S. investment projects in developing countries with MIGA.

For FY 2001, the Administration is requesting a total of \$16 million. Of this, \$10 million is for our second scheduled paid-in contribution of \$30 million total to the General Capital Increase (GCI). The remaining \$6 million is for arrears.

Key Facts

- At end-WB FY 99, the United States was the largest shareholder in MIGA with 20,519 shares or 15.92% of the voting power.
- U.S. investors constitute the largest group of MIGA insurees.
- By end-WB FY 99, MIGA had issued 131 contracts to U.S. investors for more than \$1.6 billion in coverage (30% of the total gross outstanding) to support investment projects in 34 developing countries. These contracts have facilitated more than \$10.4 billion of foreign direct investment (FDI). Outstanding coverage of U.S. investors as of June 1999 was \$893 million.
- There is a large demand in the United States for MIGA's products. As of June 30, 1999, MIGA had 804 active preliminary applications and 40 definitive applications for U.S. investors, representing 53% and 30%, respectively, of total active preliminary and definitive applications.
- MIGA has facilitated FDI totaling \$30 billion in some 66 countries. In WB FY 1999, for the first time, MIGA issued guarantees during one year exceeding \$1 billion, reaching \$1.3 billion. As of end-WB FY 99, MIGA has issued 420 guarantees.

Multilateral Economic Assistance

- MIGA is a financially prudent underwriter, and has developed a portfolio that is well diversified both in geographic and sector terms. Most active sectors include infrastructure, manufacturing, oil and gas, and mining.
- MIGA's total gross exposure as of end-WB FY 99 was \$3.6 billion, compared to \$2.8 billion at end-WB FY 98.
- During WBFY99, MIGA issued 72 new guarantee contracts, totaling \$1.3 billion in gross coverage. Twenty-nine developing member countries benefited from MIGA-guaranteed projects in WB FY 99. First projects were guaranteed in Cote d'Ivoire, Malaysia, West Bank and Gaza, and Zambia.

Supporting U.S. Objectives

As preconditions for U.S. participation in a GCI, MIGA committed to policy actions in three priority areas:

- Adopt contract language on core labor standards;
- Create an Inspection Panel; and
- Adopt environmental and information disclosure policies.

MIGA adopted contract language on Core Labor Standards and established a Compliance Advisor Officer (CAO) jointly with the IFC, to serve as part of an initial Inspection Function to promote greater accountability and transparency. A CAO has been in place since July 1999.

New Environmental and Disclosure Policies were approved by MIGA's Board in May 1999 and are being implemented. The policies were submitted for public comment and responses from investors, NGOs, financial institutions, and members of the Berne Union were incorporated into the final policies. Also, MIGA has fulfilled original U.S. expectations of complementing national investment insurance (such as OPIC) by actively collaborating on a range of coinsurance and reinsurance relationships.

MIGA operates the IPAnet Website (<http://www.ipanet.net>) which is dedicated to providing information on investment opportunities and business conditions worldwide via the Internet. It also operates a sister site Privatization Link (<http://privatizationlink.net>) which provides online data on privatization programs in emerging markets worldwide.

The objectives of these services are to facilitate economic growth, encourage political transparency, and stimulate fair business practices by the free dissemination of information. Of the 16,000 registrants in IPAnet and Plink, 38% are located in the United States. More than 6,000 U.S. companies benefit from these free services to market their own products and services to an international audience.

**INTER-AMERICAN DEVELOPMENT BANK GROUP
ORDINARY CAPITAL (OC)
(\$ in thousands)**

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IADB-OC	25,611	25,611	--

Under the terms of the 1994 capital increase (IDB-8) for the Inter-American Development Bank's primary window, Ordinary Capital (OC), the United States agreed to purchase shares worth \$153.66 million, with subscriptions to be provided in six equal installments from 1995 through 2000. The FY2000 appropriation of \$25.6 million completes the U.S. funding commitment under IDB-8. For FY 2001, the Administration is not requesting any additional funding for OC.

Key Facts

- The United States was co-founder of the IDB in 1959.
- We are and have always been the largest shareholder, now with 31% of the shares and 31% of the votes in the institution.
- In IDB-8 the U.S. negotiated two key objectives:
 - further advancement of policies on environmental protection, institution building, poverty reduction and support for the private sector, and
 - ensuring that additional payments came largely from other member countries eager to expand their share in this influential organization.

Supporting U.S. Objectives

The IDB is involved in a wide range of activities with the central purpose of promoting sustainable economic growth in order to increase standards of living, reduce poverty, and bring borrowers more fully into the global economy.

Private Sector Development

- Direct financing for private sector infrastructure projects together with support for privatization of state-owned enterprises is directly promoting private sector development throughout the region. In 1999, \$560 million in loans were approved for this purpose, compared to \$566 million approved in 1998.

Lending to Support Social Development Goals

- The Bank remains strongly focused on investments that directly benefit the most vulnerable segments of the population, particularly through institutional and policy reforms. Social sector lending totaled \$2.1 billion in 1999, on top of \$3.3 billion in 1998.
- The Bank is focusing increasingly on lending for primary and secondary education, as well as technical and vocational training. In 1999, IDB financed \$400 million in education projects.
- Under IDB-8, a core focus of the Bank has been social development, including education. The IDB has been at the forefront of efforts to increase access to educational opportunities and improve the quality of education provided in Latin America and the Caribbean.

Lending to Support Environmental Goals

- Environmental protection and sound resource management is an integral component of IDB operations in water and sanitation, urban rehabilitation, agricultural, energy and transportation both in stand-alone projects and through participation with other financiers.
- In 1999 the Bank lent an estimated \$81 million for natural resource and environmental protection, including a \$13 million project to develop eco-tourism in nine Amazon states in Brazil. The Bank financed other programs with positive environmental impacts including \$491 million in sanitation projects.
- Ongoing consultations with local and international NGOs, civil society, and government authorities has substantially increased the diversity of influences on IDB project and program development.
- In 1998, the Bank upgraded its Internet website to provide additional environmental and social information, policies, guidelines, assessments, and publications.

Lending in Support of Peru-Ecuador Peace Accord

- After the recent peace accord between Peru and Ecuador, the IDB made a \$500 million multiyear financial commitment to help finance a bi-national development plan that the countries agreed to as part of the peace accord. The Bank is working closely with the United States and other donors to finance investments in the border area related to infrastructure, micro enterprise, environmental projects, tourism, health, water and sanitation, electricity, and postal services.

Improving Borrower's Governance, Fiscal Transparency and Accountability

The IDB actively promotes improved transparency and accountability by helping reform tax, customs and financial systems, and strengthen accountability and transparency in the executive, judicial and legislative branches.

- Two small operations for El Salvador will help modernize the legislative branch (\$3.5 million) and to improve financial sector oversight capacity and transparency (\$3.8 million).
- In Bolivia, a \$2.7 million loan is designed to improve access to the justice system for vulnerable groups, namely women, children and indigenous peoples, and strengthen mechanisms for participation.
- A \$35 million loan for Jamaica focuses on strengthening the capacity of local governments to finance and manage basic services, enhance participation of NGOs in the planning and implementation of local services, and improve the legal framework, and enhance accountability.
- The Bank organized an international workshop with 5 Central American countries and bilateral donors focused on strengthening transparency and accountability in reconstruction projects financed by the international community.

Financial Crisis Assistance

- In 1999 the IDB remained strongly focused on efforts to mitigate the impact of the international financial crisis on Latin America. The Bank approved loans totaling \$4.6 billion for Brazil, Colombia, Jamaica, and Peru to mitigate the ongoing effects of the financial crisis. In late 1998 the Bank also approved \$2.5 billion in emergency financing for Argentina, on the same terms as the World Bank's SSAL for Argentina. These funds supported programs designed to strengthen the process of social, institutional, and economic reforms, facilitate the access of small and medium size enterprises to credit, and helped protect core social spending in basic health and education.

Disaster Assistance

- After the 1999 flooding in Venezuela, the Bank has provided a \$50,000 emergency humanitarian grant and \$20 million emergency loan to remove debris and reopen the transportation system. In addition, the Bank restructured \$130 million in existing loans for urban road and agricultural rehabilitation. An emergency housing rehabilitation loan is under preparation that will benefit up to two million people displaced by the flooding. The emergency program also has key elements to strengthen the Venezuelan government's emergency preparedness.

Improving Internal Controls

- The Bank's Auditor General performs independent audit and reviews designed to assure management of the adequacy and effectiveness of Bank's controls and resource utilization. Its 1999 work included a comprehensive evaluation of risk factors associated with the Bank's control systems, and reviewed accounting, financial, operational, administrative, and management information systems.

Sustainable Energy

- In 1999, the Bank implemented a pilot program to test the feasibility of long-term markets for renewable energy in Latin America, in an effort to achieve lower investment costs, cleaner environments, greater economic productivity, and greater benefits to the poor.
- In light of encouraging results, the IDB has agreed to phase II of the program, with the objective of mainstreaming and expanding the activities through out the Bank. The program has mobilized nearly \$5 million from international and bilateral donors to prepare efficiency projects for implementation. The Inter-American Investment Corporation, the Private Sector Department and the Multilateral Investment Fund (all IDB affiliates) are financing pilot projects under this program.

Opportunities for U.S. Business

- In 1998 (latest available data), disbursements to U.S. firms from Ordinary Capital and the Fund for Special Operations for investment projects and sector loans totaled \$982 million.
- For the ninth consecutive year the U.S. was the largest beneficiary of IDB disbursements of all the non-borrowing members.

INTER-AMERICAN DEVELOPMENT BANK GROUP
FUND FOR SPECIAL OPERATIONS (FSO)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IADB-FSO	21,152	--	--

The Fund for Special Operations (FSO) focuses on economic development in the hemisphere's poorest nations, i.e., Bolivia, Guyana, Haiti, Honduras, and Nicaragua. The FSO makes concessional loans with interest rates of 1-2% and maturities of up to 40 years to help these countries address critical development needs.

For FY 2001, no funding is requested for FSO. In 1998, after two years of negotiations, we secured agreement on an U.S.-initiated proposal that will, at zero additional cost to the United States, allow a \$7.5 billion program through 2008.

Key Facts

- The FSO was constituted in 1959 under the agreement establishing the IDB.
- The United States is the largest contributor, providing over 50% of the total amount of funds pledged.
- In addition to highly concessional loans, FSO resources are used for technical assistance grants to subsidize a portion of the interest payments on loans made to recent FSO graduates.
- In 1999 the FSO lent \$413 million to the region's least developed countries.
- Under current estimates, FSO will be able to provide new loans to these countries amounting to \$2 billion in the years 2000-2003 and \$2.4 billion in the years 2004 - 2009.

Supporting U.S. Objectives

The FSO advances key U.S. policy objectives by encouraging growth and stability in Haiti and post-conflict Central America, counter-narcotics efforts, environmental protection, and humanitarian assistance. By improving economic opportunities and addressing basic social needs of these countries' populations, the FSO is helping to reduce emigration pressures.

Multilateral Economic Assistance

Examples of FSO-funded operations in 1999:

- Guyana: \$27 million to build new homes and related infrastructure for low-income families
- Bolivia: \$40 million to provide potable water and basic health services
- Guyana: \$2 million to rebuild and maintain road and drainage systems

Improving Borrower's Governance, Fiscal Transparency and Accountability

In 1999, the FSO financed \$37 million in projects aimed at strengthening governance and accountability and building technical capacities in public institutions.

- Nicaragua: \$10 million FSO loan to strengthen tax and custom administration.
- Bolivia: \$3.2 million FSO loan to improve access of the poor to the justice system.

Disaster Assistance

After Hurricane Mitch devastated Central America in 1998, particularly Honduras and Nicaragua, IDB mobilized missions to assess the damage and prepare programs for emergency assistance and reconstruction.

In May 1999 an IDB sponsored meeting secured \$5.3 billion in multiyear assistance to the five Central American Countries, of which the IDB pledged \$3 billion. The package includes debt relief, redirection of existing projects, and special projects for reconstruction and transformation of the countries affected by the Hurricane Mitch.

ASIAN DEVELOPMENT BANK GROUP
ASIAN DEVELOPMENT BANK (AsDB)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
AsDB	13,222	13,728	-

The Asian Development Bank (AsDB) is the hard loan lending window of the AsDB Group, lending to promote sustainable economic development, poverty reduction, and sub-regional cooperation in the Asia/Pacific region.

For FY 2001, the Administration is not requesting any funding for AsDB.

Key Facts

- The United States was a co-founder of the AsDB which was established in 1966.
- The United States is the co-largest shareholder with Japan. Each has a 16% share in the institution and 13.1% of the vote.
- In 1999, the hard loan window of the Bank lent about \$4.0 billion at market or near-market rates to Asia's better-off developing nations, including \$146.5 million for private sector operations. The Bank provided approximately \$180 million in technical assistance.
- The AsDB has been a major player in the international financial institutions' response to the Asian financial crisis, focusing on the promotion of good governance and protection of basic social services.
- Under the Bank's new graduation policy, which is based on income guidelines, Taiwan, Singapore, and Hong Kong have graduated and are no longer eligible to borrow from the Bank. These three nations, along with Korea, Malaysia, and Thailand now contribute to the Asian Development Fund or Technical Assistance Special Fund (TASF).
- In 1999, the Board approved an increase in OCR loan charges, policies on poverty reduction and the health sector, a new investment strategy and authority, and a strengthened approach to guarantee operations.

Supporting U.S. Objectives

As the co-largest shareholder with Japan, the U.S. plays a major role in shaping the AsDB's lending and policy direction. Maintaining U.S. leadership at the AsDB is critical to ensuring that our priorities are reflected in the institution, and the reforms that will lead to more efficient and equitable use of development resources are implemented. As with the other MDBs, the U.S. can leverage tremendous lending through our annual contribution. The U.S. paid-in contribution of \$13.2 million in 1998 and \$13.7 million in 1999 leveraged \$5.2 billion in lending and technical assistance in 1998 and an estimated \$3.8 billion in 1999.

Promoting Poverty Reduction

- In 1999, the Bank declared reduction of poverty to be its overarching mandate and the Board approved a poverty reduction strategy to strengthen and better focus Bank operations in this area. The strategy was prepared with extensive consultations with NGOs and other groups within and outside the region. The Bank has established a poverty reduction unit as the bank-wide focal point for Bank operations, with both existing staff and outside recruitment of specialists. A poverty reduction action plan and operational guidelines will be prepared and training will be provided to operations staff. The Bank's statistical data base is being expanded to include poverty data and social indicators. The Bank's planning framework and country lending process will be adjusted to support the new poverty reduction strategy and mainstream poverty reduction as a core objective in all Bank operations, including the activities of the Asian Development Bank Institute.

Response to Asian Financial Crisis

- The AsDB has been a crucial part of the international financial community's response to the Asian financial crisis. This assistance, in combination with support from other IFIs and bilateral donors, creates the framework that contributes to global economic prosperity. Targeted assistance from the AsDB and other IFIs is helping these countries make necessary structural reforms in areas such as corporate governance, banking, and capital markets. The AsDB is also supporting national efforts in crisis-affected countries, including Thailand and Indonesia, to minimize the social impact of the crisis and fostering reforms that include international best practices in accounting, auditing, and financial disclosure. In a global economy, linked in innumerable ways, the stability of our Asian trading partners is a prerequisite for growth of U.S. exports and continued long-term U.S. economic growth. U.S. engagement in the AsDB ensures that this stability returns as soon as possible, and that the implemented reforms best address the complicated underlying causes of the crisis.

Strengthening Social Safety Nets

- The Administration continues to place the highest emphasis on addressing the needs in the social sector. The AsDB has responded, increasing both its loans for economic growth and for assisting the most vulnerable segments of society. Investments in Asia's people is crucial at a time when years of sustained growth and full-employment have temporarily stalled. The AsDB has helped ensure that expenditures in health and education are not cut, while at the same time fostering greater accountability in the use of these funds. In addition to addressing the immediate impacts of the crisis, the assistance is designed to stimulate longer-term reforms in civil society which will ensure greater transparency and accountability, and allow for wide participation in the benefits of economic growth. The AsDB is helping many countries in the region to reassess their social safety net needs and put in place cost effective and sustainable mechanisms, based on lessons learned from the crisis. Rural areas have been especially hard hit by the crisis, and the Bank focused over 1/4th of 1999 lending in rural areas. The Bank also sponsored the Manila Social Forum in November 1999 to provide a venue for decision-makers, stakeholders, and social sector experts to discuss the new agenda and policy directions for social development in the region.

Private Sector Development

- The Bank catalyzes the flow of domestic and international private capital and helps private enterprises to undertake financially viable projects that have developmental impact. To strengthen the approach to private sector development (PSD), the Bank is preparing a strategy that will put in place a bank-wide approach to PSD to maximize its catalytic impact. Staff who have private sector and PSD experience are being recruited to support this strengthened emphasis. The PSD strategy will emphasize the important role of the private sector in poverty reduction and will be complemented by a strategy on microfinance, to be completed in 2000. The microfinance strategy is being prepared with strong input from NGOs and others with expertise in the field.

Promoting U.S. Foreign Policy Goals

- Promoting U.S. foreign policy goals is a key reason for continued U.S. support for the AsDB. The Bank has supported a number of APEC initiatives, including an initiative on corporate governance and best practice. The Bank is not lending to the regime in Burma, and the U.S. only supports loans to China and Cambodia that meet our Basic Human Needs criteria. The AsDB is an excellent tool for assisting former-Soviet countries and other transitional economies into the international arena. U.S. encouragement and advice to transitional economies in the process of entering a global free market is made easier through our engagement with the MDBs.

Improving AsDB Efficiency through Reforms

- U.S. involvement is essential to ensure that the Bank carries out the rigorous agenda of reforms needed for more efficient use of scarce resources. Continued engagement solidifies gains already achieved and helps prepare the way for additional advances. At U.S. urging, the Bank is strengthening its performance indicators and developing a performance-based allocation system to guide lending decisions. Addressing problems related to corruption and weak governance in Asia has been one of the most important objectives of the U.S. in recent years. The 1995 policy on good governance and 1998 anti-corruption policy have led to strengthened and more focused Bank efforts in these key areas, which are discussed explicitly in each country's annual assistance plan. A governance strategy has been completed for Thailand and eight other studies are underway. An anti-corruption action plan has been prepared for Indonesia. The Bank has been working with countries to strengthen their national audit and accounting practices and institutions. This work will have benefits far beyond the Bank's direct operations. In-depth studies of the corporate governance situation in five countries have been completed and published.

Internal Controls

- The Bank is undertaking the second phase of a bank-wide study of internal control. The Code of Conduct became effective January 1, 1999, and seminars have been conducted to educate staff. Procedures and guidelines have been introduced to implement the anti-corruption policies, including guidelines for fraud and corruption investigations that will be undertaken by a new anti-corruption unit established in 1999. The unit consists of specially trained forensic auditors who report to the General Auditor. The Bank is in the process of transferring from a manual to an electronic integrated financial management system with current best internal control practices embedded in the software and more stringent systems control and reporting mechanisms. This complex project, which will be completed over three years, will streamline, automate and integrate business processes and make the financial management system more efficient and cost effective. To supplement internal improvements, audit exchanges with the World Bank and EBRD have been initiated.

Opportunities for U.S. Businesses

- In 1998, business benefits to the U.S. were \$677 million from AsDB technical assistance, investment projects and adjustment lending.
- U.S. involvement in the AsDB is necessary if U.S. firms are to continue to win AsDB procurement bids. In 1995-98, the U.S. ranked first among donor countries in terms of dollars of procurement bids won. AsDB holds annual Business Outreach Seminars in several U.S. cities in order to inform U.S. companies about business opportunities at the AsDB, and to recruit new companies to bid on its projects. For 2000, seminars are tentatively scheduled for Seattle, Kansas City, Washington, D.C., and Atlanta.

ASIAN DEVELOPMENT BANK GROUP
ASIAN DEVELOPMENT FUND (AsDF)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
AsDF	210,000	77,000	125,000
AsDF arrears	187,000	77,000	25,000

The Asian Development Fund (AsDF) is the concessional lending window of the AsDB Group, providing assistance and policy advice to the poorest countries in the region.

In FY 2001, the Administration requests \$125 million for the AsDF. One hundred million dollars is for our fourth and final scheduled payments under AsDF-7 and \$25 million is for arrears. Negotiations on the next replenishment (AsDF-8) began October 1999 and are scheduled to be concluded in 2000.

Key Facts

- In 1999, the AsDF provided about \$1billion in loans to the poorest member countries.
- China and India are not eligible to use AsDF resources.
- Our goals for the AsDF-8 replenishment negotiation include maximizing our financial and policy leverage and putting in place an effective performance-based allocation system, with strong emphasis on policy reform and good governance, thus increasing the effectiveness of AsDF resources.
- Two important U.S. agenda items from the ADF-7 agreement were completed in 1998 and 1999: introduction of a graduation policy and a hardening of OCR and AsDF loan terms, which will increase the pace at which funds are recycled back into the Fund.
- Under the new AsDF terms, repayments are sped up, without seriously eroding the conditionality for the region's poorest.

Supporting U.S. Objectives

Clearing U.S. Arrears

- As a concessional lending window, donor member contributions directly affect the AsDF's ability to assist the poorest of Asia. Our ability to clear arrears in previous years was critically important, as other donors link their payments to the U.S. payment. With the addition of new members from the Central Asian republics and

calls for resources to meet new needs such as protecting lending to social sectors, AsDF commitment authority is dwindling, thus making the clearance of the U.S. arrears to the AsDF all the more important.

Lending Policies

- AsDF funds are primarily used for the Bank's projects in areas of health, environment, education, and social protection, in keeping with the Bank's mandate on poverty reduction.
- The U.S. has consistently advocated that only the neediest countries should have access to AsDF resources. In the AsDF-7 negotiation, it was reconfirmed that neither India or China would use AsDF funds.
- In AsDF-7, the U.S. reduced its commitment, due to increased participation of Asian donors, most notably, first time donors Thailand and Malaysia. Graduated members, Singapore, Hong Kong, and Taiwan are also donors.
- Creating monitorable performance indicators which ensure that strong performers are awarded commensurate levels of concessional funds is a high priority of the U.S., and we will press the AsDF to improve its performance indicators in 2000.

Following Through on Commitments called for under AsDF-7

- During the AsDF-7 replenishment agreement, the U.S. secured several key reforms that the Bank is now implementing.
- In 1998, the Bank adopted a policy that hardens AsDF loan terms. This will increase the AsDF's reflows, thus moving the Fund towards its goal of self-financing in half a generation and paving the way to a framework where borrowers will not have to rely solely on donor contributions.
- The Bank has also adopted a new policy on graduation. Clear cut-off points have been established so that the classification of members is as transparent as possible. Seven countries were moved from AsDF-only to blend (AsDF and OCR) recipients.

Lending to Support Social and Environmental Goals

- The AsDB lends over 40% of its resources to projects that have social or environmental goals as their primary or secondary objectives. In order to improve delivery of these types of projects, in 1999, the Bank adopted policies on poverty reduction, health, education and nutrition that complement policies adopted in 1998 on cooperation with NGOs, indigenous peoples, and gender and development. The Bank is preparing a microfinance strategy, assisting developing member countries to address core labor standards, and exploring new instruments and approaches to strengthen its effectiveness in reaching the poor and reducing poverty.

- The Bank is strengthening its focus on addressing global environmental impacts, by promoting cleaner production technologies, building capacity to address transboundary environmental issues in borrowing member countries, and strengthening its cooperation with the Global Environment Facility.

Worker Rights/Core Labor Standards

- The AsDB has increased its interactions with the International Labor Organization (ILO) and is working to integrate core labor standards into operations. Several AsDB projects have explicitly stated that under age workers will not be used. AsDB has also used ILO labor intensive approaches for projects. A regional technical assistance project is under preparation to help countries address issues involving labor standards and to build the Bank's own capacity in this area. A separate study is being done that will examine the structure of labor regimes in selected countries and analyze the types of policies and programs that will promote labor welfare and income opportunities. Related to this is work underway to help build or strengthen social safety nets in the region.

Increasing Transparency and Information Disclosure

- Transparency and disclosure are central to good governance and essential elements of promoting effective and broad based development.
- The AsDB has an information disclosure policy in place that ensures that key documents are available to the public, particularly in areas affected by AsDB operations.
- A public information center and expanded Internet website (www.adb.org) have substantially improved the AsDB's capacity to make key documents, including updates of country assistance plans, and its poverty reduction strategy available to a broad segment of Asia's population and beyond.
- The Bank regularly informs, via a newsletter, some 500 NGOs indicating the documents that are available.
- Public participation is fostered through the AsDB's consultation process, in which Bank staff consult with affected populations to provide an opportunity for local input.
- The AsDB's Inspection Panel allows groups which have been affected by AsDB projects to voice their concerns before an independent panel. As yet, the inspection function is fairly untested, and we continue to seek ways to improve its operations; the Bank will provide additional staff and budget resources to the inspection function in 2000 and strengthen outreach and information dissemination efforts.

Improving AsDF Efficiency

- The U.S. has been pressing the Bank to allocate its staff resources as efficiently as possible in order to carry out these new policies. The Bank has increased the number of staff with expertise in good governance, gender issues, and indigenous peoples, with costs offset by savings elsewhere in the administrative budget. More staff increases in the areas of social development, poverty reduction, and good governance are planned for 2000. AsDB's future recruitment will focus on building up expertise in the areas of poverty, private sector development, and legal reform, consistent with its evolving mandate.

AFRICAN DEVELOPMENT BANK GROUP
AFRICAN DEVELOPMENT BANK (AFDB)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
AfDB	--	4,100	6,100
AfDB arrears	--	--	1,000

For FY 2001, the Administration is requesting \$6.1 million for the African Development Bank. Of this, \$5.1 million is for the second of eight annual U.S. payments under the Bank's fifth general capital increase (GCI-5), plus \$1.0 million to clear arrears from underfunding in FY 2000.

The African Development Bank's (AfDB) mission is to promote poverty reduction in Africa through selective infrastructure and human resource investments, support for market-oriented policy reforms, and technical assistance for project and policy development. The Bank lends at market-based rates to countries having per capita incomes greater than \$1,460 and to selected poorer African countries with limited access to capital markets.

The United States has been a member of the Bank since 1983 and is the largest non-African shareholder, currently accounting for about 5.6%. In 1998, the Bank's shareholders agreed on a 35% general capital increase (GCI-5) designed primarily to strengthen key financial ratios and improve corporate governance through key changes in the Bank's charter and voting rules. The agreement makes the United States the largest non-regional shareholder, and requires a total U.S. payment of \$40.8 million spread over 8 years or \$5.1 million per year. In FY2000, Congress authorized the U.S. subscription for paid-in and callable capital under GCI-5 and appropriated only \$4.1 million of our first scheduled payment of \$5.1 million.

Key Facts

- AfDB approved \$811 million in new loans in 1999, compared to \$900 million in 1998. Since its establishment in 1967, the Bank has approved about \$22.6 billion in loans, making it by far the largest multilateral development financier specifically devoted to Africa.
- The Bank effectively leverages shareholder investments – historically for every \$1 of U.S. paid-in capital, the Bank has loaned about \$120.
- In the agreement on the fifth general capital increase (GCI-5), the U.S. achieved key objectives that greatly strengthened the role of non-regional shareholders, through increased share ownership and important voting rule changes.

- The AfDB is actively supporting the Enhanced HIPC Initiative, which will reduce the debt burden of 27 of Africa's poorest countries in connection with policy reforms promoting good governance and increased investment in priority human resource needs such as health and education. To date, the AfDB Group has generated \$320 million (55%) of its total contribution to the HIPC Initiative from internal resources (i.e., net income, lending reflows, and loan cancellations).

AfDB's Role in African Development

- In recent years, and at strong U.S. urging, the Bank has sharpened its focus on areas where it can make a reasonable contribution to poverty reduction in Africa: rural and agricultural development, human capital development, private sector development, good governance, gender and environment issues.
- Country assistance strategies and loan proposals focus increasingly on these issues, particularly poverty reduction, rural development initiatives and infrastructure investments to link rural areas with utilities and roads.
- The Bank has established a pilot program in micro-finance (AMINA) that is working to strengthen the capacity of African micro-finance agencies to assist small entrepreneurs in Africa. The Bank Group is also incorporating micro-finance components into its poverty alleviation and rural development projects, such as a \$20 million Micro-finance Support Project in Uganda approved in November 1999.
- Tangible impacts in borrowing countries are emerging. For example: promoting education in societies with low female literacy by providing textbooks for female students in elementary school; promoting poverty reduction and rural development with loans to establish small farms and ranches.
- South Africa, as the largest economy on the continent, is helping the Bank Group. For example, South Africa's contribution of \$2.7 million to the Fund is a tangible commitment of one of the stronger countries of Africa to support poverty reduction and economic development in the poorest countries of Africa.
- AfDB's operational strategy for Sub-Saharan Africa, with its goal of promoting accelerated and sustainable economic growth with equity and poverty reduction, is part of the Bank's Vision Statement.

Supporting U.S. Objectives

AfDB Reform Program

The U.S. has used its role as the largest non-regional shareholder to secure a wide range of reforms to increase the effectiveness and transparency of the institution. With several years of intensive efforts and strong new management, the Bank is implementing the most far-reaching and comprehensive restructuring and reform program ever undertaken by an MDB. Substantial progress has been made in key areas:

- Lending practices have been tightened substantially to ensure that new lending only flows to borrowers on appropriate terms and conditions.
- A new Risk Management Unit (RMU) has improved investment quality by focusing more effectively on country, financial and commercial credit risks. In 1999, the RMU:
 - Completed comprehensive country risk assessments of all borrowers;
 - Concluded a new framework for country exposure; and
 - Monitored the Bank's asset and liability management activities.
- The Financial Controllers Unit has reduced delays in loan disbursements and improved financial controls.
- Procurement policies and practices have substantially improved. The Bank has:
 - Strengthened the fraud and corruption provisions in its procurement rules.
 - Overhauled its procurement dispute review process;
 - Produced standard bidding documents to reduce obstacles to businesses seeking contracts on Bank-financed projects; and
 - Increased the transparency of procurement and contracts through reports to the Board and publication of summary data.
- A recently-established Environmental and Sustainable Development Unit has:
 - Prepared key policy documents to ensure that the Bank incorporates gender, population, and civil society issues into its country strategies;
 - Drafted environmental procedures for private and public sector projects;
 - Prepared the Bank's first Annual Poverty Report.

Private Sector Development

The Bank's goal is to increase lending to the private sector to 25% of total lending by 2005.

- In 2000, the Bank plans to invest in infrastructure, foster indigenous capital markets development, and further develop its strategy for lending to micro-enterprises.
- In 1999, the Bank approved:
 - \$40 million line of credit to promote increased private sector involvement in infrastructure finance in South Africa, especially in the much-needed municipal sector.
 - \$50 million loan to Citibank Nigeria to provide longer-term funds to small and medium-size enterprises in Nigeria.
 - \$50 million loan to a bank in Egypt to promote business investments in petroleum trade and services, in privatized public enterprises, and in financing SMEs.
- By working through financial intermediaries that on-lend to private SMEs, the Bank strengthens the commercial banking sector; extends lending maturities for African businesses; and places responsibility for overseeing projects with experienced project finance institutions.

Improved Internal Operations

- AfDB's recently-established Central Operations Department has:
 - Improved project quality, including by cancelling more than 100 loans and ensuring quality at entry; and
 - Articulated policy in key areas, including with governance, education, and agriculture.
- The Project AFRICA initiative, a three year program launched in 1999, is providing institution-wide systems and controls necessary for better management, more effective delegation, improved employee ownership, and greater accountability. The integrated information and resource planning systems will provide decision-makers with quality and timely information, thereby enhancing internal governance and delivery of services to clients. Phase one, to reengineer and integrate business processes for procurement, inventory management, budget, accounts payable, accounts receivable and fixed assets, is scheduled for completion in 2000.

Information Disclosure

- The Public Information Center is meeting a growing need, responding to more than 1,000 requests for information in 1999, including the Annual Report, procurement rules, and policies.

- The Bank's Internet web site (www.afdb.org) has greatly expanded its public information, including summaries of environmental assessments on proposed projects, announcements of loan decisions and Bank policies, and the text of the Bank's excellent Vision of its role in African development.

Efforts to Support Good Governance/Anti-Corruption

- In late 1999, the AfDB Group adopted a bold forward-looking Policy on Good Governance to support African efforts for improved accountability, transparency, rule of law, effectiveness of public sector institutions, and participation of civil society.
- In November 1999 AfDB Group strengthened its rules of procedure for procurement and use of consultants to enhance the detection, deterrence and control of fraud and corruption. Bank policy requires the highest standard of ethics on AfDB-financed projects.

Improving Borrower's Fiscal Transparency and Accountability

- The AfDB participates in public expenditure reviews with the IMF, World Bank and other donors.
- As part of its good governance policy, the AfDB will support fiscal transparency in Africa through capacity building grants to ministries and policy dialogue for policy-based loans.

Renewable Energy and Energy Efficiency

- In the summer of 1999, the Bank and the U.S. Executive Director's office worked with two American firms to develop a training program for Bank staff on renewable energy and energy efficiency (RE/EE).
- In summer 1999, a U.S. Department of Energy training seminar introduced Bank staff to RE/EE technologies, innovative financing models, and integration of energy issues into AfDF projects.

IFI Collaboration

- AfDB and the World Bank are drafting a Memorandum of Understanding for an enhanced strategic partnership to support economic reform and development in Africa, including a two-year rolling business plan of co-operation. A draft is expected by spring 2000.
- AfDB frequently participates in joint missions with the World Bank and IMF, has staff exchanges to promote networking, and consults with the World Bank in preparing country strategy papers and loan proposals.

Multilateral Economic Assistance

- AfDB houses the Joint Africa Institute training center, established by the AfDB-IMF-World Bank and operating since Fall 1999, to train African government officials in economic policy and institution-building.

Opportunities for U.S. Business

- In 1998, business benefits to the U.S. totaled \$13.0 million from AfDB Group operations.

AFRICAN DEVELOPMENT BANK GROUP
AFRICAN DEVELOPMENT FUND (AfDF)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
AfDF	128,000	127,000	100,000

For FY2001, the Administration requests \$100 million for the African Development Fund (AfDF-8) for the second of three annual U.S. payments under this replenishment. Congress authorized the full \$300 million U.S. contribution in FY 2000 and appropriated \$127 million, including \$100 million for the first installment and \$27 million for arrears.

Key Facts

- In 1998, an estimated 475 million people (76% of the population in Sub-Saharan Africa) lived on less than \$2 a day, including 291 million who lived on less than \$1 a day.
- AfDF, which lends to the poorest African countries on highly concessional terms, was established to promote broad-based economic development and alleviate poverty through project investments, policy advice, and technical assistance.
- In 1999, AfDF approved loans of \$630.1 million for 70 projects.
- The U.S. is the second-largest historical contributor to the Fund following Japan, providing about 11% of contributions.
- AfDF's multilateral character allows it to lend \$8.40 for every \$1 in U.S. subscriptions, with total cumulative loan approvals of about \$13 billion.

Supporting U.S. Objectives

With substantial reforms in place, the AfDF can make a unique contribution to the development of Sub-Saharan Africa. The vast majority of the Bank Group's clients (39 of 53 African nations) borrow almost exclusively from the Fund. Sub-Saharan Africa is a region where, despite exceptions, conditions for sustained poverty reduction and private sector-led growth have not yet emerged. Key areas of progress on U.S. objectives include:

Performance-Based Allocations

- AfDF resources are used to reduce poverty in Africa. In making lending decisions, AfDF gives priority to those countries with a demonstrable commitment to enhancing living standards, strengthening institutional capacity, redressing inequities and improving governance.
- For example, given Mozambique's commitment to economic reform, privatization of state enterprises, regional integration and poverty alleviation, it would be eligible for an enhanced program of project loans and technical assistance grants in various sectors. On the basis of a sustained reform effort, Mozambique would also be eligible for an economic adjustment operation focused on fiscal management and financial sector restructuring.
- Starting in 2000, AfDB staff will perform annual country performance assessments to ensure consistent and comparable treatment across countries. Issues covered will include macroeconomic and structural policies, as well as policies for increasing growth with equity and poverty reduction, good governance, and public sector performance.

Promoting Good Governance

- Projects to support economic liberalization and de-centralization also aim at promoting key elements of good governance, including restructuring the civil service, reforming the legal and judicial systems, and strengthening management capacity. A good example is the Fund's \$18.3 million Second Economic Recovery Program loan to Zambia approved in March 1999.

Inspection Function

- The Bank Group remains committed to establishing an independent Inspection Panel so that parties potentially affected by Bank operations have a means to address complaints and concerns. In the AfDF-8 Replenishment Report, Bank Management committed to increase the transparency of operations through, among other things, improved information disclosure.

Sustainable Development

- The Bank Group aims to balance growth and environmental concerns for sustainable development. Recent examples of Fund lending operations to support sustainable development include:
 - Kenya: \$21.5 million Aberdares Natural Resources Development Project
 - Benin: \$16.2 million Oueme Development Project

Multilateral Economic Assistance

- The Bank Group also invests in human capital development with operations focused on primary education, preventative health care and micro credit. Recent examples of Fund lending include:
 - Senegal: \$15.8 million Poverty Alleviation Project
 - Malawi: \$1.4 million Grant for National AIDS Control
 - Zambia: \$11.7 million Education Project

Post-Conflict Lending

- The Fund is lending to promote rehabilitation in post-conflict situations. For example, in December 1999 the Board approved the \$12.6 million Sierra Leone Rehabilitation and Reconstruction Project that is part of a larger rehabilitation effort in cooperation with the World Bank.

Promotion of Economic Reforms to Encourage Development of Market-oriented Economies

- The Fund promotes economic policy reform through policy-based lending, including encouraging elimination of trade barriers, liberalization of commodity prices, and restructuring/privatization of parastatals.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
EBRD	35,779	35,779	35,779

For FY 2001, the Administration requests appropriations of \$35.8 million in paid-in capital for the fourth of eight payments under the capital increase agreement of the European Bank for Reconstruction and Development (EBRD).

Key Facts

- EBRD was created in 1991 to promote private sector development, foreign investment, privatization, and efficient financial markets in Central and Eastern Europe and the former Soviet Union.
- The U.S. is the single largest shareholder in the EBRD with a 10.4% share following the Bank's 1996 capital increase. Each dollar of U.S. paid-in capital leverages \$100 in EBRD-supported investments.
- EBRD is unique in its political mandate – recipient countries are expected to be “committed to and applying the principles of multiparty democracy, pluralism, and market economies.” The Bank also has a mandate to promote environmentally sound and sustainable development.
- As of end-1998 (latest available data), the EBRD has approved \$14.5 billion in loans and investments, mobilizing an additional \$36.1 billion of investment into the region.
- EBRD's continued focus on the private sector was reflected in a further increase in the share of private sector projects in the portfolio to 80% in 1998, up from 76% in 1997 and well ahead of the Charter requirement of 60%.

Impact of the Russian Crisis on EBRD

Although EBRD's operating profits before provisions were 50% higher in 1998 than in 1997, the crisis in Russia necessitated an increase in provisions of the disbursed portfolio from 9% to 16%. The weighted average risk profile of the portfolio increased over the period. As result, the 1998 provision charge was three times higher than budget assumptions and EBRD ended the year with a loss of \$286 million. This net loss wiped out all of EBRD's accumulated retained earnings as well as \$43.7 million of paid-in capital.

Supporting U.S. Objectives

The EBRD effectively leverages scarce resources to further a number of U.S. priorities.

Private Sector Development

EBRD is a hybrid institution, similar in many ways to the IFC, but with the capacity to provide project-based loans to the public sector. EBRD's primary activity is to support private-sector projects, widely recognized as critical to the development of free market economies in the region. To this end, EBRD makes loans and equity investments in private sector projects in developing countries for its own account, mobilizes private capital alongside its own resources, and provides advisory and technical assistance. Thus, EBRD is fully exposed to the commercial risks of its private sector investments. EBRD also provides public sector loans with and without sovereign guarantees.

Promotion of Economic Reforms to Encourage Development of Market-Oriented Economies

The EBRD promotes and supports private-sector led development through its investment projects and technical assistance programs. The EBRD promotes and provides financing for the development of small, medium-size, and micro-enterprises throughout the entire region.

The EBRD invests in and promotes the development of strong financial institutions and local capital markets. Despite the setbacks of the August 1998 Russian financial crisis, the EBRD continues to operate in all countries of the region, seeking out sound investment projects with a high transition impact. Since joining the Bank in December 1998, EBRD President Koehler has expressed a strong commitment to focus the Bank more on institutional and legal reforms, including anti-corruption measures, to strengthen the investment climate.

Efficient Use of Financial Resources

EBRD is an efficient and cost-effective institution and is on a sound financial footing. The Bank recorded small profits from 1995 to 1997, but reported a \$286 million loss for 1998 due to the fallout from the Russian financial crisis. Management remains committed to restoring it to profitability in the near-term. EBRD is projected to realize a profit of \$6 - 9 million in 1999.

EBRD has had seven consecutive budgets with no real increase in costs, while the productivity of its staff continues to improve. The EBRD is committed to maintaining tight budget control, despite the increased demand for its services.

Efforts to Improve Internal Controls

In November 1999, EBRD Management issued terms of reference for a Chief Compliance Officer of the Bank, a new position, which will be responsible for promoting good governance and ensuring that the highest standards of integrity are applied throughout all activities of the Bank in accordance with best practices.

Key areas of focus for the Chief Compliance Officer will include:

- Ensuring that EBRD staff, management, and members of the Board of Directors perform in an ethical manner and consistent with the Code of Conduct, both with regard to the Bank and its relationships with clients and other concerned parties.
- Oversight of Bank management and staff on proper management of actual and potential conflicts of interest with respect to the Bank's clients and other concerned parties.
- Selection of project sponsors and others that meet appropriate standards of ethics and integrity.
- Application of confidentiality in the use of privileged information acquired by the Bank in the context of its operations.

Information Disclosure

At the request of the Board, the Bank is presently revising its information disclosure policy. In the context of this review, the U.S. Director has pushed for a substantial increase in the amount of information available to the public. The revised information disclosure policy, now posted on the Bank's website (www.ebrd.org) for public comment, would require disclosure of draft and final sector policies; final country strategies, with the consent of the government; project summaries and environmental impact assessments.

Financial Crisis Assistance

EBRD moved quickly to develop a Balkan Regional Action Plan and involve itself, along with other IFIs, in the work of the High Level Steering Group (HLSG). EBRD is working to develop projects in the affected countries while cognizant of the need to take appropriate safeguards, as the Bank has in Bosnia, to ensure that its resources are used appropriately. While the Bank's efforts in project preparation have been substantial, lending volumes to the region are only now beginning to increase.

Renewable Energy and Efficiency

EBRD has developed special units to finance energy efficiency and environmental infrastructure investments. The Bank is committed to improving environmental

conditions in all of its investment projects. For example, in October 1997 the EBRD approved a \$100 million loan to finance construction of a geothermal power plant in the Kamchatka Peninsula in Russia's Far East. The new facility will enable closure of the region's oldest heavy fuel fired power plant and result in substantial reduction of carbon and sulphur dioxide emissions.

Efforts to Improve Borrower Governance

EBRD works with both public and private business to improve governance. This is through increased transparency, accountability and governance requirements that are incorporated into projects. Where EBRD takes an equity stake, it sits on management and supervisory boards to add direct governance and oversight.

Project Quality

The EBRD regularly evaluates projects for their success in creating a strong transition impact, improving the environment, and maintaining sound investment principles.

The Bank's Project Evaluation Department has used assessments of more than 172 operations to create a database of "lessons learned" for EBRD staff. Since the Bank began evaluation in 1993, 74% of EBRD projects have been judged as 'high' in transition impact.

IFI Collaboration

In 1998, EBRD mobilized \$662 million in private sector finance through its B-loan program, up from \$445 million in 1997. Nonetheless, the largest source of co-financing for EBRD projects was other IFIs (i.e., IFC, European Investment Bank, World Bank, MIGA, Nordic Investment Bank and the Islamic Development Bank) which provided \$777 million in joint finance for projects with EBRD in 1998. EBRD co-financing activities with other export credit agencies have increased markedly in the last few years, rising from a mere \$33 million in 1996 to \$306 million in 1998.

The Bank's charter states that EBRD shall carry out its operations by "co-financing together with multilateral institutions, commercial banks, or other interested sources to facilitate the participation of private and/or foreign capital." EBRD mobilizes co-financing for projects from a variety of sources: commercial banks through EBRD B-loan participation, assignments, bonds, parallel loans, and credit lines; export credit agencies through direct financing, export credit and investment insurance guarantees; other IFIs; with bilateral financial institutions; and government aid agencies.

Democracy and Good Governance

The EBRD promotes democracy and human rights, including worker rights, through its lending conditioned on a country's commitment to be moving towards multiparty, pluralistic democracy.

Environment

In 1999 EBRD developed a revised strategy for lending to promote efficient development and use of natural resources. It also created a private sector investment fund for energy efficiency and demand-size management.

Nuclear Safety

The EBRD manages the Nuclear Safety Account (NSA) on behalf of the United States and other donor countries. The NSA provides grants to perform short-term safety improvements to the most dangerous reactors in the region linked with a commitment to their early closure. Since 1997 the EBRD has managed the \$700 million donor-funded Chernobyl Shelter Fund. This fund, which began letting contracts in 1998, will assist in providing a new and safe sarcophagus for the damaged Chernobyl nuclear reactors.

Opportunities for U.S. Business

In 1998, business benefits to the U.S. were \$387 million from EBRD operations. Of this, U.S. firms obtained more than \$369 million in loans and equity as sponsors of private sector projects in 1998.

INTER-AMERICAN DEVELOPMENT BANK GROUP
MULTILATERAL INVESTMENT FUND (MIF)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
MIF	50,000	--	25,900
MIF arrears	50,000	--	25,900

For FY 2001, the Administration is requesting \$25.9 million for the U.S. contribution to the Multilateral Investment Fund (MIF) of the Inter-American Development Bank. This will clear a portion of U.S. arrears that total \$98.75 million, the remainder of a \$500 million pledge we made in 1992.

The MIF, administered by the IDB, assists Latin American and Caribbean nations with the investment reforms necessary to stimulate domestic investment and private capital flows to the region. Since its inception in 1992, some 310 projects totaling over \$550 million have been approved. MIF projects incorporate a significant degree of counterpart financing with a goal of having 40% of project cost borne by local counterpart contributions.

Key Facts

- The MIF was established in 1992 as a key element of the United States' Enterprise for the Americas Initiative.
- The U.S. is the co-largest contributor with Japan. Each pledged \$500 million of the \$1.15 billion fund. Japan has provided its share of \$500 million.
- In 1999, MIF approved \$132 million in projects, of which \$81 million were grants.
- The MIF is providing highly focused support for the privatization process in Latin America and the Caribbean through provision of technical assistance on regulatory and legal reforms and re-training of the workforce.
- MIF also provides important support for micro-enterprises by funding financial intermediaries who serve them and by providing advice on the appropriate regulatory and supervisory framework for such intermediaries.

Supporting U.S. Objectives

The MIF concentrates on three areas for long-term U.S. interests in the region:

- Technical assistance for policy changes to liberalize the investment climate, including tax, privatization, and economic practices;

Multilateral Economic Assistance

- Human resource investments required to increase investment flow, and expand the private sector, including training of government personnel, and retraining of redundant employees of privatized firms; and
- Market-based financing and technical support to harness the region's informal economy through support for small and micro-enterprises.

In 1999 MIF projects focused on strengthening the policy and regulatory framework for the private sector, increasing worker skills and mobility, broadening the participation of micro and small enterprises and demonstrating the role of equity a development tool. Examples of recent MIF projects include:

- Peru: \$3.5 million grant to improve the oversight of micro finance institutions and increase access of micro-enterprises to credit;
- Mexico: \$4 million in equity for a risk capital fund to promote small private businesses in the state of Guanajuato; and
- Brazil: \$2.25 million grant to increase private sector activity in the renewable energy service market.
- As part of its ongoing effort to support the transformation to market-driven economies and sustainable development, MIF financed \$51.5 million in equity investment and loans under the Small Enterprise Investment Fund.

MIF is innovative in its approach to fund small enterprise development and human resource development in the region. For example, in 1999 MIF created a special facility housed in the much larger, established Caribbean Investment Fund to channel equity and equity-related investments to small companies in CARICOM states. By putting a "fund within a fund," the MIF expects to match its \$10M investment with an additional \$10 million from other development agencies, institutional, and corporate investors.

Improving Borrower's Governance, Fiscal Transparency, and Accountability

The MIF approved a \$1.5M grant to Brazil to establish an out-of-court conflict resolution mechanism for settlement of commercial disputes.

INTER-AMERICAN DEVELOPMENT BANK GROUP
INTER-AMERICAN INVESTMENT CORPORATION (IIC)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IIC	--	16,000	34,000
IIC arrears	--	--	9,000

The Inter-American Investment Corporation (IIC) was established in 1984 to promote private small and medium-size enterprises (SMEs) in Latin American and the Caribbean. Through a combination of direct loans and equity investment to SMEs and lending to private local banks, the IIC helps these enterprises obtain affordable capital, start up, expand, or modernize their operations. Projects approved in 1998 are estimated to have created over 17,000 new jobs.

For FY 2001, the Administration is requesting a total of \$34 million for IIC. Of this, \$25 million is the second U.S. payment of \$125 million under a \$500 million general capital increase (GCI). The additional \$9 million is to clear a portion of U.S. arrears.

Key Facts

- The IIC invests in private sector projects, lends without a sovereign guarantee, and assumes standard commercial risks.
- These investments, through small and medium-size enterprises, can generate significant employment, contribute substantially to GDP and enhance economic competitiveness. IIC's investments in SMEs serve to deepen capital markets in the region as the companies become listed on local exchanges, and lending operations to local private banks helps strengthen risk assessment and portfolio management capacity.
- In 1999 the IIC financed 21 projects in 12 countries totaling \$192 million. Co-financing resulted in \$78 million in additional lending from private commercial banks to SMEs. Since its inception, the IIC has disbursed over \$850 million in loans and equity investments to SMEs.
- U.S. participation in the IIC's first GCI was conditioned on IIC adopting changes in various key policy areas including worker rights, the environment, an inspection panel function, public disclosure, and evaluation. In each of these areas, the IIC has adopted policies that put it at the forefront among IFIs that support the private sector.
- IIC has committed to focus its resources in those sectors and regions where they are likely to have the greatest catalytic and demonstrative impact, in particular the smaller and poorer countries. In designing programs to assist SMEs, IIC will take

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into account other sources of funding (i.e., multilateral, bilateral, and local public and private sources) in order to maximize the efficient use of these resources.

- IIC will strengthen its links with the IDB's country programs and with the Multilateral Investment Fund, so that the lessons learned in IIC operations can become an integral part the Bank's activities elsewhere.
- Under the GCI agreement, which came into effect in 1999, the IIC adopted strengthened environmental assessment and information disclosure policies.

Opportunities for U.S. Business

- For 1998, business benefits to the U.S. were \$47 million from IIC operations.

INTERNATIONAL ORGANIZATIONS & PROGRAMS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P ¹	187,000	182,300	354,000

To reflect the Administration's support for multilateral efforts to promote human rights, empower women, feed the malnourished and combat the threat of environmental degradation, \$354 million for the International Organizations and Programs (IO&P) account is requested.

International organizations and programs address many global challenges, such as climate change, ozone depletion, aviation security, and humanitarian relief which require international consultation and coordination. In some areas, such as protecting the ozone layer or safeguarding international air traffic, solutions cannot be effective unless they are global. In other areas, such as the emergency provision of food or aid to needy children, the U.S. multiplies the influence and effectiveness of its contributions through support for international programs.

Multilateral institutions support a wide network of international agreements in many different areas including human rights, biological diversity and trade in endangered species. Effective implementation of these agreements contributes enormously to global political and economic stability and the development of international standards that serve U.S. interests. The Organization of American States (OAS), for example, carries out a wide range of regional programs in this hemisphere that support democracy and the rule of law.

The UN Development Program is the oldest and largest of the UN Funds and Programs. UNDP's priorities are fully consistent with U.S. foreign policy goals and complement U.S. bilateral efforts. Its near universal presence in program countries gives it credibility as a neutral platform for development activities. Close cooperation with host governments often provides UNDP's resident representatives with the access necessary to convey difficult ideas, suggestions, or support. UNDP's country-level collaboration enables it to operate effectively in even the most difficult circumstances. UNDP has also been a leader in putting the UN reform agenda into operation. In his capacity as head of the UN Development Group (UNDG), the new UNDP Administrator has continued to push for greater field-level coordination of UN activities through the resident coordinator system. As the funder and manager of this system, UNDP instituted competency-based selection of resident coordinators using independent assessments, a significant departure from past UN practices. Increased U.S. funding is important to demonstrate support for the UN organization that has been most responsive to our insistence upon reform.

¹ For FY 1999 and FY 2000, funding for UNICEF appropriated in Development Assistance.

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Since its inception in 1946, the UN Children's Fund (UNICEF) has evolved into a long-term development fund aimed at improving the welfare of children and mothers. UNICEF provides goods and services to help meet basic needs in maternal and child health care, sanitation, clean water, nutrition, primary education and social services at 5,594 posts in 161 countries. In cooperation with the UN's Office for Coordination of Humanitarian Affairs, the agency provides emergency assistance to countries destabilized by civil strife or natural disasters. In making human rights the guiding force of its country programs, UNICEF works to ensure that global economic prosperity goes hand-in-hand with the spread of democracy and human rights.

International population stabilization is a critical element of the USG's comprehensive strategy for sustainable development, which integrates goals for population and health with those of protecting the environment, building democracy, and encouraging broad-based economic growth. Slower population growth promotes internal stability and social and economic progress in other countries, thereby improving economic opportunities for Americans and reducing the potential for future global crises. The USG implements its international population policy through both bilateral and multilateral programs. The UN Population Fund (UNFPA) is the largest multilateral provider of population assistance and has primary responsibility among the UN system agencies for population issues. It operates in over 160 developing countries and countries in transition. UNFPA does not fund abortions nor does it advocate abortion as a means of family planning.

The Montreal Protocol is the world's program to repair the ozone layer. Support of the Protocol benefits U.S. national interest in protecting the health of American citizens, the world community, and the global environment. Certain manufactured chemicals emitted into the atmosphere have led to the destruction of the stratospheric ozone layer. Without repairing the ozone layer that shields the earth, dangerously high levels of ultraviolet (UV) light reach the surface of the earth. The increasing UV radiation has been linked to higher rates of skin cancer and cataracts and the suppression of the immune systems in humans and other animals and to dangerous alterations in global ecosystems.

The Global Alliance for Vaccines and Immunizations' (GAVI) mandate – to protect people from vaccine-preventable diseases – is clearly in line with the U.S. national interest of addressing global five years of age die from diseases, for some of which current vaccines exist but are unavailable to those children. To resolve this access problem and help reduce the staggering death toll, GAVI was formed in 1998 as a collaborative effort of UNICEF, the World Health Organization (WHO), the World Bank, private foundations, bilateral aid agencies (including USAID), pharmaceutical industry representatives, and governments. A contribution from the United States of \$50 million would target the procurement of vaccines for hepatitis B, Haemophilus influenza type B (Hib), and yellow fever and pneumonia, along with related safe delivery equipment such as auto-destruct syringes.

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The Global Trust Fund for Technical Assistance of the World Trade Organization (WTO) supplements regular budgetary funds for the technical assistance and capacity building activities of the WTO Secretariat. The Secretariat's activities in this area help WTO Member developing countries and economies in transition, as well as countries in the process of acceding to the organization understand and implement the rules of the multilateral trading system.

VOLUNTARY FUND FOR TECHNICAL COOPERATION
IN THE FIELD OF HUMAN RIGHTS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	1,500	1,500	1,500

National Interests:

Contributing to the UN Voluntary Fund for Technical Cooperation in the Field of Human Rights furthers the U.S. goal of promoting democracy and human rights. The U.S. contribution demonstrates America's commitment to democratization, respect for the rule of law, good governance and the promotion and protection of human rights. The UN can use the Fund to undertake projects which, in some instances, the United States cannot implement bilaterally. In addition, the Fund often complements other bilateral, regional, and non-governmental organization programs.

Objective and Justification:

The UN Secretary General formally created the Fund in 1987. The Fund is one of the primary funding mechanisms for the UN Advisory Services and Technical Assistance program, which provides human rights assistance to governments at their request. The Fund is a critical tool in the advancement of human rights improvements and provides the resources necessary to implement UN-related international conventions and other human rights instruments.

The board of trustees, established in 1993, oversees the Fund and develops its long-term policy guidelines. Funding priorities are influenced by the UN Human Rights Commission (UNHRC) and the UN General Assembly. At U.S. initiative, several UNHRC special rapporteurs are now authorized to recommend programs for funding consideration. The High Commissioner for Human Rights has made the Advisory Services program a priority and holds overall responsibility for the Fund's direction.

The Fund's program components include, inter alia: building and strengthening national and regional institutions and infrastructures for human rights; promoting democracy, development, and human rights; strengthening the rule of law and democratic institutions; providing assistance for the conduct of free and fair elections; and improving the administration of justice and independence of the judiciary. The Fund provides experts to train government officials, draft, review or revise legislation, and conduct human rights education programs and training programs for police and military forces.

A secure tradition of voluntary funding, anchored by the U.S. contribution, would ensure availability of such assistance to those nations that seek help in strengthening their

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own democratic institutions and protecting the human rights of their citizens. Many of these nations are newly independent, and are struggling to adopt, implement and adhere to the democratic traditions which donor nations are promoting. Reliable funding would also strengthen the effectiveness of the UN High Commissioner for Human Rights as overseer of the UN Human Rights Programs, as well as reiterate the U.S. commitment to an efficient and responsive human rights mechanism.

The United States has been among the Fund's largest single contributors in recent years, inspiring other governments to do likewise. Contributions have climbed to more than \$7 million annually (1995), led by the United States and other western nations. In recent years, as more countries have begun the transition to democracy, the number of requests for assistance has increased considerably. At present an annual backlog of more than \$10 million in unfunded projects exists. Maintaining our FY 1999 and FY 2000 funding level of \$1.5 million in FY 2001 will help continue to leverage increased contributions by other governments.

UN VOLUNTARY FUND FOR VICTIMS OF TORTURE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	3,000	5,000	5,000

National Interests:

Providing funding to the United Nations Voluntary Fund for Victims of Torture (hereafter called the "Fund") supports the U.S. foreign policy goal of promoting democracy and human rights. The use of torture presents a formidable obstacle to establishing and developing accountable democratic governmental institutions. Assisting torture victims helps establish and reinforce a climate of respect for the rule of law, good governance and respect for human rights. U.S. contributions underscore our commitment to the rights of the individual and to the essential importance of protecting these rights. Contributions to the Fund also demonstrate the U.S. commitment to humanitarian assistance to victims of human rights violations.

Objectives and Justification:

As of May 1998, 105 countries have ratified the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. Human rights organizations estimate that more than 40 countries carry out systematic government-sanctioned torture. Sporadic torture occurs in many more countries.

The U.S. has been at the forefront of efforts to end torture internationally. As the single largest contributor to the Fund in recent years, U.S. contributions underscore our commitment and encourage other governments to increase their contributions. Each year the Fund receives requests for financial support far in excess of available funds, leading to a considerable shortfall. Only 31 countries contributed to the Fund in 1997. The International Rehabilitation Council for Torture Victims estimates a need of over \$10 million in additional funds for rehabilitation services.

The Fund, established by the UN General Assembly in 1981, provides worldwide humanitarian assistance to torture victims and their families, almost all in developing countries. Such assistance is primarily medical and psychological. All grants are awarded by the five-member Fund Board of Trustees, which reports directly to the UN Secretary General. The Board's mandate requires that all aid be distributed through "established channels of humanitarian assistance," such as hospitals, research and training centers, medical and/or psychological treatment centers, or overseas doctors' projects. In order to protect torture victims from retaliation and provide the privacy necessary to heal both physical and psychological wounds, the Fund does not publicize names or cases.

Starting from the first treatment and rehabilitation center in 1982, there are now over 200 such centers in over 60 countries all over the world including the United States. From 1983 to 1997, the Fund financed 255 projects for direct assistance to victims of torture. The 26th of June was officially proclaimed "United Nations Day in Support of Torture Victims" and was marked for the first time in 1998. As more countries ratify the Torture Convention and make the commitment to observe international human rights standards, they are also likely to acknowledge their responsibility to treat and rehabilitate victims of torture. The Fund finances training programs for health care professionals specializing in the treatment of torture victims and human rights courses for government officials and police forces.

ORGANIZATION OF AMERICAN STATES
FUND FOR STRENGTHENING DEMOCRACY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	2,500	2,500	2,500

National Interests:

The funds requested are in support of programs to strengthen democracy and human rights protection through the Organization of American States (OAS) Unit for the Promotion of Democracy and the Inter-American Commission on Human Rights. In supporting both programs, this Fund advances the fundamental U.S. goal of a Western Hemisphere comprised of stable democracies, where respect for the rule of law is the norm. Both complement existing U.S. bilateral programs and help implement U.S. strategic approaches in the Summit of the Americas process.

Objectives and Justification:

The Unit for the Protection of Democracy is the organ of the OAS Secretariat responsible for activities that support democratic consolidation in the hemisphere. Created in 1990 by the OAS General Assembly, the Unit provides (in the words of its enabling resolution) "advice or assistance to preserve or strengthen their political institutions or democratic processes." The \$2.5 million requested supports specific activities in areas of strategic importance to the U.S. including electoral observation missions, the reform of election laws and administrations, peace-building initiatives, humanitarian demining in Central America and the Andean region, and emergency responses to threats to democratic institutions.

OAS electoral observations defused potential trouble in recent elections in Guyana, Guatemala and Venezuela. Programs in Nicaragua, Suriname and Guatemala advanced the peace processes and ensured adequate implementation of the reconciliation agreements, thus providing critical support to incipient democracies. The Unit's demining program has provided cost-effective support in the removal of 56,462 mines and unexploded artifacts in Central America. The program's success in advancing peace and democracy led to a new initiative to expand demining efforts to Peru and Ecuador. The Unit could not carry on this work without \$10-\$15 million of external financial assistance, of which the Democracy Fund is a small but key component. The Fund is also essential to leverage other international contributions for democratic stabilization and reform programs.

The Inter-American Commission on Human Rights is one of the two main organs in the inter-American system (along with the Inter-American Court on Human Rights) that

is responsible for monitoring and adjudicating human rights complaints. The Commission also conducts on-site visits and publishes its observations in special country reports. In addition, the Commission works on special projects of direct interest to the United States. For example, it is developing a program to combat the lax enforcement of women's rights and the rights of indigenous communities in Latin America. In 1998 the Commission created a "Special Rapporteur on Freedom of Expression" to protect press freedom in countries where governments seek to curtail it by pressure, threats and violence. The reluctance of OAS member states to fund the Commission at an adequate level makes U.S. voluntary contributions essential to carrying out on-site visits and achieving its broader mission of advancing the human rights agenda in the region.

Finally, the OAS Fund for Strengthening Democracy in 1999 supported a Special Representative of the OAS to lower tensions and identify mechanisms for preventing unintended clashes in the border dispute between Nicaragua and Honduras. Without this immediate assistance, the border mission would not have been created in time to prevent an outbreak of violence. For FY 2001, this Fund will support similar preventative diplomacy initiatives aimed at strengthening the capacity of the Inter-American system to respond to threats to democratic institutions. The Fund also will help the OAS continue to implement Summit of the Americas priorities for improving the effective exercise and consolidation of democracy, promoting human rights, advancing good governance norms, and fostering greater participation of woman and indigenous peoples in democratic societies.

WORLD FOOD PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	5,000	5,000	5,000

National Interests:

U.S. donations of cash and commodities to the World Food Program (WFP) help to achieve the U.S. objectives of combating starvation, poverty, and human misery, while promoting a degree of stability in turbulent circumstances. Hence, U.S. contributions to WFP advance our national interest and strategic goal of humanitarian response, and, by extension, the strategic goals of regional stability and even democracy and human rights. One third of WFP's project funds are devoted to development, which fosters the U.S. strategic goals of economic development and environmental protection.

Objectives and Justification:

As the principal vehicle for multilateral food aid within the UN system, WFP uses commodities and cash donated by member countries for humanitarian relief, and social, economic, and environmental development. WFP operates exclusively from voluntary contributions from member states. Commodities are distributed as emergency food assistance in the aftermath of natural and man-made disasters and in protracted refugee and displaced person situations, as well as development projects that promote food security.

WFP responded quickly and effectively to numerous man-made and natural disasters in 1998 and 1999, and was the UN agency that was "first on the ground" in most of these situations, most notably Hurricane Mitch in Central America. WFP fed most of the refugees and internally displaced persons generated by the crises in Kosovo and East Timor, and continues to feed six million North Koreans. WFP exhibited tremendous resourcefulness and adaptability in meeting the food needs of Kosovar refugees in Albania and neighboring republics of the former Yugoslavia, including constructing and operating mobile bakeries. In East Timor, WFP airdrops ensured that food aid reached refugees hiding in remote areas. WFP's Emergency and Protracted Relief and Recovery (transition from relief to development) programs in many African countries, most notably Angola and Sierra Leone, are feeding victims of brutal domestic strife or helping them get back on their feet. An annual contribution from the IO&P account enables WFP to cover miscellaneous costs while waiting for donor pledges to be fulfilled and for donors to defray delivery costs. In recent years, it has proven critical in helping WFP bridge such financial gaps.

AFGHANISTAN EMERGENCY TRUST FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	500	500	500

National Interests:

The U.S. Government supports the return of peace and the establishment of a broad-based, representative government in Afghanistan, and humanitarian aid for the Afghan people, who suffer from the effects of twenty years of war. Long term U.S. objectives include the return of three million Afghan refugees and internally displaced persons; the reconstruction of Afghanistan's economy; a reduction in drug cultivation and trafficking; demining; and respect for human rights. The United States supports the activities of the UN, particularly the UN Special Mission to Afghanistan and the UN Office for the Coordination of Humanitarian Assistance to Afghanistan, as offering the best hope for the humanitarian assistance necessary to achieve these goals.

Efforts to help the Afghans, particularly the refugees and internally displaced, are coordinated by the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA). UNOCHA was created in 1988 to coordinate the work of UN agencies involved in Afghan programs. The Afghan Emergency Trust Fund is UNOCHA's funding mechanism. The U.S. contribution to the Fund will continue to help mitigate the effects of the civil war in Afghanistan, which include regional instability, drug trafficking and terrorist training.

Objectives and Justifications:

The United States achieves its objectives multilaterally by supporting UN humanitarian activities and encouraging other donor contributions. A successful strategy will involve continued allocation of U.S. resources at least at the current level until the war is concluded and security has been re-established in Afghanistan.

The UN is the ideal body to lead the cooperation required among the various parties, both inside and outside the country. The UN can work directly with Iran to ease regional tensions, and assist and secure the eventual return of the 1.3 million Afghan refugees in Iran. UNOCHA has developed an approach to the delivery of humanitarian assistance which could become a model for other areas with civil conflicts and complex emergencies. The IO&P contribution to the Fund would be allocated by UNOCHA to the area with the greatest need.

UNITED NATIONS DEVELOPMENT PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	100,000	80,000	90,000

National Interests:

Economic prosperity is one of the seven national interests identified in the U.S. Strategic Plan for International Affairs. With programs in over 170 countries, the New York-based United Nations Development Program (UNDP) is the largest source of grant-based, technical cooperation assistance in the UN system. It is the chief coordinating organization for development/technical assistance implemented by UN agencies. UNDP emphasizes economic reform, privatization, democracy and peace building. In supporting economic prosperity, UNDP works to improve developing countries' trade and investment attractiveness, infrastructure, institutions, and rule of law (including anti-corruption) through projects in governance and capacity building. All these elements facilitate cooperative and productive participation in an increasingly complex global environment.

UNDP is the oldest and largest of the UN Funds and Programs. Its priorities are fully consistent with U.S. foreign policy goals and complement U.S. bilateral efforts. Its near universal presence in program countries gives it credibility as a neutral platform for development activities. Close cooperation with host governments often provides UNDP's resident representatives with the access necessary to convey difficult ideas, suggestions, or support. UNDP's country-level collaboration enables it to operate effectively in even the most difficult circumstances (e.g., North Korea, Afghanistan and Sudan).

UNDP is financed by voluntary contributions from UN member countries. Throughout UNDP's history, the U.S. has generally been the largest contributor to the organization. Our position as a very large donor has allowed us to retain a permanent position on UNDP's governing body, the Executive Board, along with Japan. Maintaining a high U.S. contribution is essential in order to both preserve our influence over UNDP policies and our access to UNDP's extensive worldwide infrastructure.

Objectives and Justification:

In line with U.S.-backed reform initiatives, UNDP has changed dramatically over the last five years. It has moved away from a pure entitlement system to one that includes performance-based criteria for country allocations and greater local capacity building through national execution. Furthermore, the organization has implemented decentralized decision-making, is reducing its headquarters staff, is putting greater focus on areas of

“comparative advantage,” and is advocating more forcefully for key global objectives such as poverty alleviation and good governance.

UNDP has been a leader in putting the UN reform agenda into operation. In his capacity as head of the UN Development Group, the new UNDP Administrator has continued to push for greater field-level coordination of UN activities through the resident coordinator system. As the funder and manager of this system, UNDP instituted competency-based selection of resident coordinators using independent assessments, a significant departure from past UN practices. A pattern of repeatedly falling contributions could eventually jeopardize the UN organization that has been one of the most responsive to our insistence upon reform.

Our primary strategy is to engage the leadership of UNDP and its Executive Board to make UNDP as efficient, effective and accountable as possible. In Executive Board meetings, the U.S. will continue to press UNDP to take concrete steps to improve program delivery, increase staff accountability, and monitor and evaluate program performance. As part of the UN reform process, the U.S. will also continue to support UNDP's role in coordinating UN development assistance so that the UN system fosters a more prosperous, peaceful, democratic and stable world.

Support for UNDP remains in our vital interests. UNDP's programs encourage sustainable open economies and constitutional democracies receptive to the values we regard as fundamental. The U.S. must demonstrate continued strong support for the organization as it continues the tough process of reform.

UNITED NATIONS DEVELOPMENT FUND FOR WOMEN
(\$ in thousands)

Account	FY 1999Actual	FY 2000Estimate	FY 2001Request
IO&P	1,000	1,000	1,000

National Interests:

The UN Development Fund for Women's (UNIFEM) goal is to improve significantly the status of and opportunities for women in the least developed countries through greater participation in political, economic, and social life. Investments in women -- in their health, education, and economic access -- are a key component of sustainable development. The more education women have, the more likely they are to be economically productive and engage in public life. They are also more likely to begin childbearing later in life, to educate their children, and to have healthier children -- passing the advantages they have gained on to the next generation. UNIFEM's goals coincide with several of our strategic goals: economic development, democracy and human rights, and global growth and stability.

Objectives and Justification:

For FY 2001, \$1 million is requested to support programs to strengthen women's economic capacity, to enhance women's governance and leadership, and to promote women's human rights. UNIFEM will leverage political and financial support from a number of actors, both within and outside the UN system. UNIFEM is the only UN voluntary fund whose primary concern is the integration of women into the national economies of their countries. Since its creation in 1976, UNIFEM has supported numerous projects and initiatives throughout the developing world, focusing on three areas:

I. Strengthening Women's Economic Capacity:

UNIFEM is working to find new international markets for women's traditional products; in so doing, UNIFEM tests approaches to development and shares the lessons it learns with other development organizations.

In Western Asia UNIFEM has a series of projects to give women the skills they need to successfully run small-scale businesses.

In Burkina Faso, UNIFEM is piloting a project that could demonstrate how small-scale, women-run enterprises can compete successfully in global markets.

Multilateral Economic Assistance

In India, UNIFEM and the Self-Employed Women's Association are working to improve conditions for home-based workers.

II. Engendering Governance and Leadership:

In Francophone Africa, UNIFEM has facilitated a process of building women's leadership skills through a training program being implemented by the Institute for African Democracy.

In South Asia, UNIFEM and the Aga Khan Foundation are looking at alternative ways in which women are organizing for economic empowerment.

In the CIS region, UNIFEM activities have been geared to meeting the challenges of peace-building by strengthening women's contributions to peace negotiations

III. Promoting Women's Human Rights:

UNIFEM initiated global inter-agency campaigns in which nine UN agencies joined together to address violence against women and girls.

Through its trust fund for the elimination of violence against women, UNIFEM has worked with NGOs around the world to eradicate female genital mutilation and to combat trafficking in women and girls.

UNITED NATIONS CHILDREN'S FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P ¹	105,000	110,000	110,000

National Interests:

The United Nations General Assembly created the United Nations Children's Fund (UNICEF) in 1946 as an emergency program to aid impoverished children left in the wake of World War II. Since then, UNICEF has evolved into a long-term development fund aimed at improving the welfare of children and mothers. UNICEF provides goods and services to help meet basic needs in maternal and child health care, sanitation, clean water, nutrition, primary education and social services at 5,594 posts in 161 countries. In coordination with the UN Office for the Coordination of Humanitarian Affairs, the agency provides emergency assistance to countries destabilized by civil strife or natural disasters. In making human rights protection the guiding force of its country programs, UNICEF works to ensure that global economic prosperity goes hand-in-hand with the spread of democracy and human rights.

Objectives and Justification:

The United States has always played a global leadership role within UNICEF and historically has been the top UNICEF donor, consistent with the humanitarian ideals of the American people, as well as their concern for the protection of human rights. Moreover, UNICEF's development work complements USAID's Child Survival Program and the Center for Disease Control's polio eradication program. There is a close dialogue between the United States and UNICEF on technical matters of common interest, and strong cooperation in field activities. As UNICEF works more closely with the World Bank, it has continued to expand its role in ensuring global economic growth and stability.

The UNICEF Executive Board continues to emphasize three program objectives for UNICEF operations: (1) strengthening programs for children through national capacity-building; (2) supporting the delivery of social services; and (3) empowering children and women through development of knowledge and skills, and ensuring that women participate in decision-making in civil society. All UNICEF programs relate directly to the welfare of children and mothers, and have a widespread impact on the well being of the world's neediest, most vulnerable population groups. Ensuring continued effective program delivery is a key objective of U.S. participation on the Executive Board.

¹ For FY 1999 and FY 2000, funding for UNICEF appropriated in Development Assistance.

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UNICEF has an emergency unit that plays a key role in many international relief efforts, including Kosovo and East Timor. It works in close coordination with the UN Office of the Emergency Relief Coordinator, the UN High Commissioner for Refugees, and USAID's Office of Foreign Disaster Assistance, among other agencies, on humanitarian assistance in emergencies, and traditionally holds sectoral responsibility for medical supplies, child needs, nutrition, and water/sanitation work. UNICEF has reported expenditures of \$133 million on emergency efforts during 1998, and expects emergency program expenditures to continue at high levels in the next few years. These programs are consistent with U.S. international affairs strategic goals for economic development as well as for humanitarian assistance.

On UN reform, UNICEF chaired the working group responsible for developing the pilot phase of the UN Development Assistance Framework, a joint UN development agencies' approach to country programming. In 1998, UNICEF, along with the other UN agencies, implemented the framework in eighteen pilot countries. An assessment of the pilot phase is underway to review the process and to evaluate its effectiveness. UNICEF continues to chair a working group on accelerating the move toward common premises. In addition, child protection issues are receiving more attention, with UNICEF taking a leadership role in addressing the problems of child labor, child soldiers and sexual exploitation of children.

ORGANIZATION OF AMERICAN STATES
DEVELOPMENT ASSISTANCE PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	6,500	5,150	5,500

National Interests:

The appropriation requested is for a U.S. contribution to the development assistance programs of the OAS 's Inter-American Council for Integral Development that will be managed by the newly approved Inter-American Agency for Cooperation and Development. The Council contributes to the economic development of the hemisphere as well as to the improvement of the administration and delivery of services by the public sector. Income disparity in the region is the worst in the world. Strengthening member states' capacity to overcome extreme poverty contributes to the overall goal of consolidating democratic institutions. The level of funding that the United States contributes is used as a barometer of U.S. commitment to the development of member states with smaller and more vulnerable economies. Support for U.S. political initiatives is often influenced by our commitment to these programs.

Objectives and Justification:

The OAS program is one of the largest pools of grant resources available in the hemisphere and is ideally suited to finance the type of multinational projects that have emerged from recent Summits. By financing multinational or regional programs, it facilitates pooling of resources to address common problems. This program fills a niche that is not covered by the larger financial institutions that finance loans for individual member states. By promoting joint projects, it multiplies resources available for development.

The new Inter-American Agency for Development and Cooperation, a U.S. initiative, will improve and strengthen program execution and the capacity to leverage counterpart funds from financial institutions and the private sector. The Agency will assist member states in formulating project proposals, execute pre-feasibility projects and seek funding for ongoing larger projects to be implemented in partnership with outside funding sources. Other member states look forward to having an American citizen head the Agency since they consider that this will ensure its efficiency and effectiveness.

The Agency will continue to implement priorities identified at the Summit of the Americas and will conduct a mid-term review in 2001 to determine whether changes need to be made to the Strategic Plan to adapt it to any new priorities agreed to in the upcoming Summit to be held in April 2001 in Canada.

The OAS will continue to tailor its specific projects to the comparative advantage it has over other institutions in the following areas:

- Design and implementation of multinational projects at a lower cost by utilizing existing OAS infrastructure to implement training and educational development programs;
- Identification for member governments of priority areas for policy reform, i.e. trade liberalization, environmental management, labor markets and regulations, and the exchange of experiences in the implementations of such reforms;
- Use of established networks for cooperative multinational programs in areas such as social and education development, environmental protection, port administration and science and technology;
- Assisting smaller economies with formulation of national projects that promote institution building to allow better access to multinational cooperation.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	2,500	2,500	2,500
DA	2,500	2,500	2,500

National Interests:

The International Fund for Agricultural Development (IFAD) is the UN specialized agency and multilateral lending institution with the mandate of alleviating rural poverty in developing countries. By financing loan and grant projects designed to increase food production and food security levels, IFAD contributes to improving the capacity of the poor to produce food and increase their incomes. IFAD-funded projects promote the U.S. national interest of economic prosperity, and, in so doing, also contribute to national security and the advancement of democracy and human rights.

IFAD's efforts directly support the U.S. strategic goals of global economic growth and stability and humanitarian assistance, while fostering regional stability, more open markets, and a more favorable economic climate for the furtherance of democracy and human rights.

Objectives and Justification:

Support for IFAD reflects the U.S. commitment to increasing food security among those most at risk. It is also an investment in crisis prevention. IFAD seeks to make rural people more capable of withstanding natural and man-made disasters -- the sudden shocks that can disrupt development and can lead to large demands for humanitarian assistance from donors.

IFAD's principles for assisting the rural poor have become a part of the standard development policy of most bilateral and multilateral donors. Few other organizations can match IFAD's depth of experience in rural poverty. Based on the solid reputation its projects enjoy, IFAD has been able to mobilize increased resources in a dynamic coalition of international financial institutions, UN agencies, non-governmental organizations (NGOs), the private sector, governments, and the poor beneficiaries themselves.

IFAD is in the process of re-engineering itself as a "Knowledge Organization" to make its experiences more widely available. As a result of a re-engineering program begun in 1995, IFAD is taking a more strategic approach to the types of projects it funds. Many are small, experimental and implemented in conjunction with NGOs. Previously successful pilot projects are being expanded. IFAD is working with other institutions,

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such as the World Bank, to obtain increased financing. And IFAD is focusing on the following sub-sectors where it has proven expertise: research and extension; environmentally sound, small-scale irrigation and livestock management; micro-enterprises; and expanding marketing opportunities and access to financial services.

Since 1977, IFAD has had four replenishments of its fund to enable it to continue lending on highly concessional terms. The United States pledged \$30 million to the Fourth Replenishment, half from USAID's Development Assistance account and half from the Department of State's IO&P account. Fulfillment of the U.S. pledge will require a \$5 million contribution in FY 2001 and a final \$5 million contribution in FY 2002, both to be split between IO&P and DA. IFAD is a well-managed, useful, and competent organization with an important and singular mission -- development assistance for the rural poor -- which is not effectively addressed by other agencies.

WORLD TRADE ORGANIZATION
TECHNICAL ASSISTANCE AND CAPACITY BUILDING
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	--	--	1,000

National Interests:

In supporting technical assistance and capacity building related to the world trading system and the rules of that system, the United States is promoting the development of rules-based economic and trading regimes in our trading partners, which, in turn, serves enhance economic prosperity in all WTO Member countries as trade increases.

Objectives and Justification:

For FY 2001, \$1 million is requested as a U.S. contribution to the WTO Global Trust Fund for Technical Assistance. Funds will be used to support WTO technical assistance activities for WTO Member developing countries, with a particular emphasis on least developed countries, economies in transition and countries in the process of accession. The objective of WTO technical assistance activities is to assist recipient countries in their understanding and implementation of agreed international trade rules, in achieving their fuller participation in the multilateral trading system and ensuring a lasting, structural impact by directing technical assistance towards human resource development and institutional capacity building.

The GTF was created in July 1999 to replace a number of individual trust funds and provide predictable and stable funding for WTO technical assistance activities. These activities contribute to four specific U.S. objectives:

To promote open and transparent markets. WTO technical assistance helps countries to understand and adopt open and transparent rules and regulatory regimes, both to comply with WTO obligations and to promote trade. For example, most WTO agreements require countries to notify their trade laws and regulations, and, in many cases, obligate them to procedural disciplines designed to ensure transparency and openness.

To provide opportunities for U.S. exports. Implementation of the multilateral rules that are fundamental to the WTO creates access for U.S. exports. For example, the Agreement on Customs Valuation requires WTO Members to implement transparent and fair valuation procedures for imports.

To promote global growth and stability. The Asian financial crisis demonstrated the importance of global growth and stability to the world, and certainly to the United States.

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Those countries that had successfully implemented economic reforms and WTO rules weathered the storm and emerged quickly. WTO technical assistance activities support the implementation of WTO rules.

To foster economic development. For most developing countries and economies in transition, economic development is a fundamental need and objective. History shows that the capacity to trade is a key component of economic development, including integration into the rules-based trading system.

The Global Trust Fund for Technical Assistance of the World Trade Organization supplements regular budgetary funds for the technical assistance and capacity building activities of the WTO Secretariat. The Secretariat's activities in this area help WTO Member developing countries and economies in transition, as well as countries in the process of acceding to the organization understand and implement the rules of the multilateral trading system. This assistance contributes to the U.S. national interests by helping countries become integrated into the world trading system, which in turn contributes to their economic prosperity and stability.

**INTERNATIONAL CIVIL AVIATION ORGANIZATION
AVIATION PROGRAMS
(\$ in thousands)**

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Aviation Security Fund	100	200	200
Aviation Safety	200	100	100
IO&P Total for ICAO	300	300	300

National Interests:

The Aviation Security Fund and the U.S. contribution for Aviation Safety together promote U.S. national interests in Law Enforcement and protection of American Citizens. In supporting international aviation security improvements the United States is simultaneously supporting foreign affairs strategic goals related to open markets, counterterrorism, and protection of American citizens. The Fund strengthens aviation security with the goal of preventing terrorism and unlawful interference with civil aviation and its facilities.

Through the Aviation Safety program, the International Civil Aviation Organization (ICAO) has been able to address deficiencies in the use of the English language and phraseology in air traffic communications. These inadequacies in English language proficiency of flight crews and air traffic controllers have been identified as contributing to major air accidents, for instance, in Colombia and India. Improved communication procedures directly contribute to safer air travel and benefit U.S. strategic goals regarding open markets and protection of traveling American citizens.

Objectives and Justification

Aviation Security Fund

The ICAO Aviation Security Fund was established following the explosion in December 1988 of Pan Am flight 103 over Scotland. At that time, the United States and other states urged ICAO to strengthen its aviation security role and establish the Aviation Security Fund. The destruction of UTA flight 771 over Niger in September 1989 further emphasized the urgency of the situation. In the wake of the 1997 TWA flight 800 plane crash near Long Island, the U.S. urged ICAO to accelerate the establishment of additional heightened security measures at airports.

Since 1990, the Aviation Security Fund has been highly successful in rendering assistance to states in the implementation of ICAO aviation security standards, with focus on the following:

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- aviation security program development, including national legislation;
- training program development and implementation;
- pre-board screening of passengers;
- passenger and baggage handling/reconciliation;
- control of access and protection of aircraft;
- assessment and dissemination of threat; and
- contingency planning and management of response to acts of unlawful interference.

In 2001, ICAO will continue its evaluation visits to countries that have requested assistance, as well as follow-up missions, advice, and workshops and specialized training, including on specifically focused topics to meet deficiencies in programs and procedures.

Half of the \$200,000 requested for the Fund in FY 2001 will continue to be applied to the development of standardized training packages which comprise parts of the ICAO Aviation Security training program. ICAO will also provide model training courses for aviation security personnel to enable states to achieve self-sufficiency in basic aviation security implementation and training.

Aviation Safety

As the world's leading aviation power, the United States has played a prominent role in strengthening ICAO's aviation safety activities. The improvement of safety for international air travel is of great importance to all countries. The United States especially benefits from enhanced safety of international air travel since Americans account for about 40% of all international air passengers.

ICAO will carry out a comprehensive review of the existing provisions concerning all aspects of air traffic communications aimed at the identification of deficiencies. ICAO is developing provisions concerning standardized English-language testing requirements and procedures and minimum skill level requirements in radiotelephony communications in the English language.

UNITED NATIONS ENVIRONMENT PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	13,000	10,000	10,000

National Interests:

The United Nations Environment Program (UNEP), which was established in 1972 in response to a U.S. initiative, is the United Nations' principal environmental organization. It deals with environmental issues on a global scale. The United States recognizes that its ability to advance national interests around the globe is linked, in no small part, to the environmentally sound management of the earth's natural resources. Environmental problems that transcend borders directly threaten the health and job prospects of Americans. Addressing natural resource issues in other countries is critical to achieving the necessary political and economic stability the U.S. requires for its long-term prosperity and peace and is consistent with the international affairs strategic goal of attaining a sustainable global environment.

Objectives and Justification:

UNEP is a principal venue for advancing U.S. international environmental interests in a multilateral context. UNEP provides an important forum for catalyzing and coordinating international responses to global environmental problems. It provides experienced guidance by identifying environmentally sound development practices and supports the collection, assessment and dissemination of environmental information to governments, the private sector, and academia. UNEP also facilitates the use of and response to this information by providing governments, particularly developing countries, with advice and training, upon request, in environmental assessment, management, legislation and regulation.

Continued U.S. leadership in UNEP is crucial if this important institution is to fulfill its role in promoting environmental protection. UNEP's role in monitoring and assessing global environmental trends and alerting the international community to the need for appropriate action is essential if rapid economic growth, increasing urbanization and the effects of burgeoning population growth are to occur in a sustainable manner over the long-term. Specifically, UNEP provides the U.S. with a global forum to discuss international issues and provides a platform from which to launch cooperative efforts on a range of issues that impact directly and indirectly on U.S. strategic interests including stratospheric ozone protection, persistent toxic substances, hazardous wastes, coastal zone management, diffusion of environmentally sound technologies, transboundary air pollution, and clean drinking water. In addition, U.S. involvement in UNEP allows the

United States to protect and promote the economic and trade interests of U.S. industry that are directly affected by evolving international environmental policies and standards.

UNEP's concentration on five broad priority areas overlaps with those issues that the U.S. has identified as important for U.S. foreign policy. UNEP work focuses on: land resource degradation, including desertification and deforestation, and loss of biodiversity; oceans and coastal areas; toxic chemicals and hazardous wastes; fresh water supply and quality; and atmospheric issues, especially ozone depletion, climate change and acid rain. The U.S. has worked with UNEP to sponsor international negotiations on chemical safety and land-based sources of marine pollution. UNEP's programs often reflect U.S. interests and priorities. Through U.S. participation in multilateral agencies such as UNEP, successes have been achieved that may not have been possible through costly bilateral diplomacy.

A U.S. contribution of \$10 million is being requested in FY 2001 to support UNEP and a range of international programs that it oversees or administers. This request level is the minimum necessary to achieve several important U.S. objectives through UNEP. U.S. support at the \$10 million level will also leverage funding from other UNEP donor countries, including Japan, the United Kingdom, and Germany.

UNEP sponsors ongoing negotiations on global agreements affecting U.S. interests. For example, UNEP will continue to sponsor important negotiations dealing with the use of persistent toxic chemicals and pesticides - such as DDT and PCBs - which are transported long distances through the atmosphere and oceans, affecting populations far from their region of use. Banned in the U.S. long ago, the use of these substances in other countries poses continuing health risks to U.S. citizens. It is expected that an agreement to minimize or eliminate the use of such substances, which are commonly known as persistent organic pollutants (POPs), will be completed under UNEP auspices in late 2000. UNEP will also remain active in the recently negotiated Convention on Prior Informed Consent (PIC) regarding the trade in toxic chemicals and substances pending its entry into force. Significant U.S. industry concerns will continue to be at stake as countries move to implement the PIC Convention.

UNEP likewise has the lead in international efforts to implement the results of the U.S.-hosted Washington Conference on Land-Based Sources of Marine Pollution. Because land-based sources represent the greatest source of pollution in the marine environment, the U.S. has placed a high priority on international action in this area. Similarly, the U.S. is a strong supporter of UNEP and other international efforts to deal with the threats to coral reef ecosystems, which are under stress in regions throughout the world. UNEP's regional seas programs, such as the Caribbean Environment Program, provide an important vehicle for addressing these problems around the globe.

The U.S. contribution to UNEP helps provide funding for the Secretariats of several important international environmental agreements. These include the Vienna Convention and Montreal Protocol on Substances that Deplete the Ozone Layer, which has successfully led to a global phase-out of most ozone-depleting substances, and the Basel

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Convention on the Transboundary Movement of Hazardous Wastes, which has been instrumental in curbing the practice of illicit waste dumping. The contribution also provides funding for important UNEP-related programs, including the Intergovernmental Forum on Chemical Safety and the South Pacific Regional Environment Program which are important to U.S. economic and health concerns.

Equally important is UNEP's work to monitor and assess the state of the global environment. UNEP is uniquely placed to carry out this function given its broad-based program of work in fields such as land resource degradation, desertification and deforestation, loss of biodiversity, oceans and coastal areas, toxic chemicals and hazardous wastes, freshwater supply and quality, and atmospheric pollution.

MONTREAL PROTOCOL MULTILATERAL FUND FOR THE
PROTECTION OF THE OZONE LAYER

(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	34,450	28,000	28,000

National Interests:

The Montreal Protocol is the world's program to repair the ozone layer. Support of the Protocol benefits U.S. national interest in protecting the health of American citizens, the world community, and the global environment. Certain manufactured chemicals emitted into the atmosphere have led to the destruction of the stratospheric ozone layer. Without repairing the ozone layer that shields the earth, dangerously high levels of ultraviolet (UV) light reach the surface of the earth. The increasing UV radiation has been linked to higher rates of skin cancer and cataracts and the suppression of the immune systems in humans and other animals and to dangerous alterations in global ecosystems.

Objectives and Justification:

The Montreal Protocol Multilateral Fund provides funding to developing countries of the Protocol to carry out its overarching objective: reversing the human-created damage to the ozone layer done by emissions of ozone-depleting substances (ODSs). With adequate support, the Fund can ensure that ozone-depleter phaseout schedules are met. Maintaining financial support to the Fund protects the effort the United States has taken domestically to phase out ODS. Ozone depletion is a global problem. Our efforts would be undermined and our resources ill-spent if other countries continue or increase their use of ODSs.

In the Montreal Protocol's twelve years, the overall production of ODSs has declined more than 75 percent from the base-year 1986. Since 1991 when the Fund was created, Fund projects have provided excellent opportunities for U.S. industries to export technologies and for U.S. technical experts to provide consulting services. U.S. trade has grown as the U.S. has furthered a vital environmental objective. The United States is a leader in ozone protection technologies and has captured a significant portion of the sales/technology transfer opportunities created by Multilateral Fund projects.

In FY 2001, the U.S. will have four specific objectives:

1. To ensure that projects are implemented that successfully phase out the wide range of ODSs and to reduce the project implementation cycle.

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2. To maintain U.S. leadership in the Fund's supervision and maintain membership on all Fund groups with resource allocation impact, so to influence decisions to our national interest that will not inequitably burden our trade and economic well being while safeguarding our citizens and the world's health
3. To direct the creation of projects that can effectively regulate and diminish the CFC usage of small and medium enterprises in developing countries and to ensure a non-disruptive, successful transition to methyl bromide alternatives.
4. To reduce CFC smuggling: the amount of tons of CFC seized, the number of illegal enterprises closed, and the number of criminal transactions broken up.

The lower request for FY 2001 reflects the fact that a 2000-2002 triennial budget was adopted in December of 1999 with reduced annual requirements.

INTERNATIONAL CONSERVATION PROGRAMS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	6,000	5,150	5,500

National Interests:

The level of U.S. support for international conservation must continue to reflect the expanding role of environmental issues in U.S. diplomacy and the increasing concern for the health of natural ecosystems and sustainable trade in their products. Our support for key international programs that advance U.S. conservation priorities should be commensurate with the benefits achieved.

The United States currently supports several international conservation programs, including the World Conservation Union (IUCN), International Tropical Timber Organization (ITTO), Convention on International Trade in Endangered Species (CITES), Ramsar Convention on Wetlands, Intergovernmental Forum on Forests (IFF), and the Montreal Process on Criteria and Indicators for Sustainable forest Management. Such programs are essential to conserving the world's productive ecosystems and the ecological and economic goods and services they provide. As the world continues to grapple with the growing effects of population growth and concomitant environmental degradation both on land and in the seas, strengthening modest U.S. expenditures to support these key organizations and initiatives takes on ever greater importance.

The United States, long a leader in conservation policy, is an influential participant in these programs. An increased understanding of the critical interdependence of conservation and sustainable management and use of global natural resources and human welfare and prosperity lies squarely within our foreign policy agenda. U.S. leadership in this area is reflected in modestly increasing support for programs which have a proven record in implementing the principle of sustainable development, striking a balance between protection of resources and their responsible use for legitimate development needs.

IUCN. Supporting the World Conservation Union (IUCN) is in the U.S. national interest because it is a useful forum for the advancement of U.S. conservation and sustainable development objectives and it compliments the international environmental priorities of U.S. agencies like USAID, USDA/FS, NOAA and DOI. IUCN technical and management expertise can also be applied to help advance emerging U.S. priority issues like the minimizing of ecological damage of invasive species. IUCN is the only international environmental organization whose membership includes governments, governmental agencies, and the non-governmental sector. IUCN has some 855 members in 134 countries. The United States government and six federal agencies are members. The IUCN has six Commissions that draw on the knowledge base of more than 9000

volunteer experts worldwide. IUCN's mission is to encourage and assist societies throughout the world, through provision of sound scientific and technical advice, to conserve the integrity and diversity of nature and to ensure that the use of natural resources is ecologically sustainable. International environmental conventions often rely on IUCN technical expertise.

CITES. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is a highly effective international convention that protects species threatened or endangered by trade by managing international trade in certain plants and animals and where necessary, prohibiting such trade. The United States provided the impetus for the negotiation of the treaty, which was signed in Washington, D.C. in 1973 and now has 148 parties. CITES advances U.S. environmental goals of preserving global biodiversity, while exploring the possibilities of sustainable development

Ramsar. The Ramsar Convention on Wetlands is an intergovernmental treaty with 116 contracting parties which provides a framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The United States is seen as at the forefront of wetlands protection and restoration; our national actions regarding wetlands also serve as models for other countries to emulate.

ITTO. The International Tropical Timber Organization (ITTO), whose 53 members represent 95% of world trade in tropical timber, is the only international forum in which both producing and consuming countries of tropical timber can participate in efforts to address all aspects of the tropical timber economy and its environmental impacts. The U.S. is one of the world's largest importers of tropical timber and U.S. domestic and importing industries actively participate in ITTO. ITTO's recognition of the timber market's dependency on sustainable harvesting links U.S. trade interests with U.S. priorities for sustainable forest management, with the goal of having a long-term supply of tropical wood from well-managed forests.

IFF Successor. Based on a U.S. proposal, the UN Commission on Sustainable Development (CSD) is expected in early 2000 to replace the ad hoc Intergovernmental Forum on Forests (IFF), in which the U.S. has been actively engaged, with a permanent results-oriented mechanism to address critical international forest policy issues, including economic, environmental and social issues, and facilitate coherent and coordinated multilateral actions. The IFF and its predecessor, the Intergovernmental Panel on Forests (IPF), is supported by voluntary contributions. The goal of the IFF successor arrangement is to promote forest conservation and sustainable management globally and raise the forest standards of other countries to the U.S. level. Its objectives and functions are being actively shaped by the U.S. and will address areas of U.S. interest and reflect U.S. priorities. U.S. constituencies support this method of engaging governments and organizations in working strategically on international forest-related issues.

Montreal Process. The U.S. is one of 12 member countries of the Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable

Management of Temperate and Boreal Forests, which was launched by Canada and the U.S. in 1994 to better assess forest conditions and trends. Together, these countries, which include Russia, Japan, Australia and Chile, comprise 60% of the world's forests and over 90% of the world's non-tropical forests, as well as 40% of world trade in forest products. The Working Group, which is supported by a small coordinating unit based in Ottawa, has endorsed a comprehensive set of criteria and indicators for the conservation and sustainable management of forests and promotes U.S. interests in seeing forests well-managed along U.S. principles through its commitment to sustainable forest management. The Montreal Process has strong support domestically across a range of constituencies, including industry, environmentalists and the States.

Objectives and Justification:

IUCN. The U.S. is a major contributor to IUCN and plays an active role in promoting U.S. environmental interests by channeling our contribution towards key issues to maximize and leverage its impact. USG agency members play an active role with IUCN in promoting U.S. environmental objectives and projects in areas such as the species survival commission and its species specialist groups, marine and coastal conservation, and monitoring of wildlife trade.

By targeting our funding, we help to shape IUCN's activities on such U.S. priorities as invasive species, forests, protected areas and marine resources such as coral reefs and sea turtles, desertification, ecosystem management and endangered species. For FY 2001, we plan to use our contribution to help IUCN leverage additional funds to continue work on such U.S. priority issues as the implementing of criteria and indicators for sustainable forest management in Russia; strengthening the management of national parks in developing countries; and coral reef and marine resource management. IUCN is a dynamic partner in our initiative to develop an Indo-Pacific Sea Turtle Conservation Agreement aimed at protecting sea turtles in that geographical area, a successful process to which we will continue to contribute. We will also channel funds towards cooperation with IUCN on an international initiative on invasive species, which cause millions of dollars worth of damage in the United States alone. We will also use our influence to continue working with IUCN to reform and streamline its World Conservation Congress (October 2000), a meeting of its membership every four years that sets broad policy and program parameters for the organization.

CITES. CITES seeks to protect wildlife threatened by international trade, while ensuring such trade does not endanger a species at risk. CITES' two-tiered listing system allows for trade in some species. This is done through a system of permits, enabling such activities as research and education and such commercial activities as big game hunting and alligator farming, with resulting economic benefits to the concerned parties, including the U.S., while controlling any trade in highly endangered species. Besides affording these tangible economic benefits, CITES provides an important international political forum at its biennial Conferences of the Parties, at which U.S. leadership is well-known, respected and influential. As a major donor to the Convention, the U.S. enjoys

strong influence and has been very influential in developing and implementing international wildlife trade policy. The U.S. will serve as the chair of the new Finance and Budget subcommittee of CITES' Standing Committee, which reviews the budget and administrative issues.

Modest U.S. contributions are multiplied throughout all 148 member nations, whenever CITES adopts and implements policies and activities that support U.S. conservation and sustainable use goals. The CITES permit system is also vitally important to our efforts to conserve our own endangered wildlife and supports implementation of the Endangered Species Act and Marine Mammal Protection Act. U.S. contributions in FY 2001 will be used to: strengthen CITES' law enforcement training and capacity building programs; increase CITES focus on regional cooperation; finalize a strategic plan to focus CITES activities for the future (the U.S. has chaired the drafting group for this plan), emphasizing its role in conservation of wildlife; review the African elephant ivory trade decision and pilot monitoring program, review a monitoring system for rhinos; implement control of trade in sturgeon products (caviar); examine the coral trade and the reporting standards; examine possible ways to implement better controls on marine species "introduced from the sea".

Ramsar. Voluntary contributions to the Ramsar Convention support U.S. wetlands conservation objectives globally and promotes U.S. leadership in this important environmental forum. The convention is non-regulatory; it provides guidelines and recommendations for protecting wetlands. It is the only international treaty to focus on habitat preservation. The United States has consistently promoted budgetary restraint and accountability within the Convention. As a result, the convention secretariat is a lean organization of only 16 staff which must support 116 Contracting Parties.

Our contribution provides monies for the Small Grants Fund which assists countries on a global basis. The U.S. also initiated a separate fund for the Western Hemisphere called the Wetlands for the Future Fund which is aimed at on-the-ground training of wetlands managers and building capacity for wetland management in Latin America and the Caribbean. The U.S. maintains a decision-making role in the grants funded under this initiative. Our efforts and targeted funding directly impact on the migratory bird species we share with our southern neighbors which are dependent on healthy wetland habitats throughout the hemisphere.

Our participation in the Ramsar Convention directly contributes to enhanced transboundary cooperation within North America and also in Latin America and the Caribbean. Through Ramsar, we also reinforce our cooperation on wetlands conservation and migratory bird protection with other key regions such as Asia-Pacific and Europe.

ITTO. Through its voluntary contributions to the ITTO, the U.S. advances its national interests by supporting projects that help tropical timber-producing countries implement appropriate policies to conserve and sustainably manage their forests, generating significant global environmental benefits and assuring U.S. importers a long-term supply of tropical wood. Each year, a modest U.S. contribution leverages several

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millions of dollars in project co-funding from Japan, Switzerland, Netherlands, United Kingdom and other contributors. Because of its active and consistent support of ITTO projects and activities, the U.S. also plays an influential role in shaping the priorities and activities of the Organization. The U.S. is highly supportive of the new Executive Director (Brazilian) and was instrumental in his selection.

U.S. contributions in FY 2001 will be used to finance high priority projects to improve management of timber producing forests, increasing the efficiency and environmental soundness of the tropical timber industry, and enhance the transparency of the tropical timber market. Our contribution will also be used to build on the cost saving and efficiency measures taken by the ITTO based on U.S. proposals and to improve public education and awareness of the benefits of tropical timber products from sustainably managed sources.

IFF Successor. The U.S. has a major interest in supporting the IFF successor mechanism, which will provide a practical and much needed mechanism to facilitate and improve coordination among major international forest related international organizations, institutions and agreements, such as FAO, UNDP, UNEP, ITTO and CIFOR, as well as many other international programs involved in forests. Effective coordination and facilitation of projects on the ground can provide a practical way to address forest priorities in the context of national priorities.

As a world leader in sustainable forest management and the world's largest producer and trader in forest products (valued at \$150 billion/year), as well as the largest forest sector employer, the U.S. has a strong interest in maximizing the effective use of existing organizations and scarce resources in ways that promote U.S. priorities and interests. Major U.S. constituencies, including industry and environmental groups, have expressed support for such a coordinated approach. U.S. contributions in FY 2001 will be used to leverage comparable contributions from other donor countries to support start up costs of the IFF successor forum, including a small secretariat, operating expenses and conference support.

Montreal Process. Participation in the Montreal Process Working Group enables the U.S. to advance national interests both internationally and domestically, including by promoting sustainable development of the forest sector with major trading partners, such as Russia and Mexico, whose forests are threatened by pressures outside the forest sector and lack of resources for proper forest management. The Working Group enhances regional forest cooperation in North America and more broadly the exchange of information on forest management practices and promotion of U.S. ecosystem approaches. The Forest Service, with support from the States and from business and environmental interests, has adopted the Montreal Process Criteria and Indicators as the framework for all its future forest inventories, assessments, and monitoring and performance accountability on national forests. It also has initiated a "Roundtable on Sustainable Forests," bringing together federal, state and local government agencies, environmental groups, industry and academia to facilitate domestic implementation of the Montreal Process Criteria and Indicators for both public and private forests.

Multilateral Economic Assistance

In a successful joining of U.S. international and domestic interests, the U.S. hosted the 11th Session of the Montreal Process Working Group in Charleston, SC in November 1999, bringing together participants from across the globe and across the country to promote sustainable forest management. U.S. contributions in FY 2001 will be used to promote U.S. approaches to inventory, monitoring and assessment and improve the capacity of countries to adopt such approaches. In particular, our contributions will help countries gather the necessary information for a Year 2003 watershed report on the state of the forests of the Montreal Process countries, based on data collected using the Criteria and Indicators.

INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)/
UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE (UNFCCC)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	6,500	6,500	6,500

National Interests:

The Administration has placed environmental protection among its top foreign policy goals and has identified the effort to combat global climate change as one of the most significant environmental threats in the 21st century. While the United States engages other countries on a bilateral basis, our funding priorities through the IO&P account are focussed on the international climate change negotiations as well as on the intergovernmental scientific assessment process that informs those negotiations.

Objectives and Justification:

The UN Framework Convention on Climate Change (UNFCCC), along with the Intergovernmental Panel on Climate Change (IPCC), represent the front line of the global defense against the threat of climate change. The UNFCCC has united over 170 countries in a global response effort to stabilize concentrations of greenhouse gases in the atmosphere at a level that would prevent dangerous human interference with the climate system. Success depends on a long-term commitment by all nations. The Parties to the UNFCCC, at their Fourth Conference in 1998, agreed to the Buenos Aires Plan of Action and, most recently at the fifth conference in November 1999, the Parties took steps to further its implementation. The plan of action outlines a process that seeks to elaborate the rules for international, market-based implementation mechanisms (i.e., emissions trading, joint implementation and the Clean Development Mechanism), the underlying compliance regime, the treatment of carbon sinks and other key U.S. climate change objectives. The plan of action will guide the international negotiations under the UNFCCC with a view to completing work on many issues by late 2000 at the sixth conference.

We will focus our efforts on developing rules, guidelines and modalities for the international mechanisms that can provide the greatest environmental benefit at least cost; and on building a compliance regime based on transparent and effective monitoring, measurement and reporting systems. We will also continue to fulfill our existing obligations under the UNFCCC, working through the Subsidiary Bodies for Implementation and Scientific and Technological Advice. The U.S. will utilize meetings of these bodies to secure the meaningful participation of key developing countries in the global effort to address climate change. The Administration has made it clear that the

President will not submit the agreement for Senate advice and consent to ratification until there is meaningful participation by key developing countries.

The Intergovernmental Panel on Climate Change (IPCC), begun in 1988 as a joint effort of the World Meteorological Organization and the United Nations Environment Program, is the single, most authoritative, international scientific and technical assessment body with respect to climate change. The Panel's assessment efforts are crucial to establishing the scientific and technical underpinnings of domestic and international policy responses to combat the threat of global climate change, and its findings strongly influence policy debates within and between nations. The relationship between the UNFCCC and the IPCC has intensified as the IPCC is called upon increasingly for scientific and technical information and assessment advice. We need to ensure that the IPCC adequately supports the Climate Convention process -- without adequate funding, the IPCC may not be able to deliver requested technical papers, special reports and other assessments which provide policy makers with sound scientific and technical guidance. Our goal is to help preserve the reputation of the IPCC and its assessments as the most comprehensive and authoritative source on the science of climate change.

The FY 2001 budget request for the UNFCCC and the IPCC reflects the current realities of the significant demands placed upon the secretariats of both organizations by the international climate change process. The responsibilities of the UNFCCC secretariat have increased substantially over the past two years as it manages both the Kyoto Protocol and Convention processes. These include work on compliance and the flexibility mechanisms, technology transfer issues, and developing country communications, among others.

The Secretariat will continue to support the complex negotiations through organizing workshops, synthesizing Parties' submissions and preparing original papers on a myriad of issues. Funds will be used to support the UNFCCC administrative budget for the 2000-01 biennium, as well as further U.S. voluntary contributions to the projected needs of the two trust funds established by the Conference of the Parties to support participation in the Convention and meet extra-budgetary needs of the Secretariat. We will also seek to ensure that the U.S. contribution factors in the need for UNFCCC Parties to assume their own conference servicing expenses.

The IPCC secretariat will be busy overseeing the completion of the Third Assessment Report in late 2000 or early in 2001. A large part of the report's success will hinge on continued generous support from the U.S. Global Change Research Program and individual USG agencies that provide both technical experts and funding for assessments. The U.S. has served as Co-Chair of IPCC Working Group II on impacts, adaptation and mitigation. We will also seek to guide the formulation and review of special and technical reports requested of the IPCC by the UNFCCC and the IPCC Plenary. In addition, we will participate in technical meetings and the IPCC plenary session in that time frame. The IPCC is also participating in an international effort involving the Subsidiary Body for Technological Advice and the Environment

Multilateral Economic Assistance

Directorate of the Organization for Economic Cooperation and Development (OECD) to develop “good practices guidelines” for conducting emissions inventories through expert meetings and workshops.

INTERNATIONAL CONTRIBUTIONS FOR SCIENTIFIC,
EDUCATIONAL & CULTURAL ACTIVITIES (ICSECA)
INCLUDING THE WORLD HERITAGE CONVENTION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	2,250	2,200	2,200

National Interests:

The ICSECA account supports U.S. international affairs strategic efforts to secure a sustainable global environment and to promote democratic practices and respect for human rights.

Participation in selected UNESCO-related international scientific, educational, cultural and communications activities is considered essential to U.S. interests. Such participation enables the U.S. to pursue these interests actively and to take initiatives within UNESCO multilateral programs that advance priority goals of key elements of the American educational, scientific, cultural and communications communities. The U.S. withdrew from UNESCO in December 1984.

Objectives and Justification:

The programs proposed for funding seek to:

- bolster democratic institutions
- foster understanding and protection of the global environment;
- improve access to education for girls;
- safeguard free flow of ideas and press freedom;
- support literacy, human rights and democracy education;
- develop international electronic networks of scientific and other information exchange, storage and retrieval;
- maintain U.S. influence and leadership in high-priority UNESCO activities such as the Intergovernmental Oceanographic Commission's Global Oceans Observation System.
- promote the advancement, transfer and sharing of scientific knowledge;

Several of the programs proposed for support were U.S. creations within UNESCO that play an important role internationally but need continued U.S. support to function effectively. Among the most important are the Intergovernmental Oceanographic Commission and the World Heritage Convention.

The Convention merits particular note in that it is an extension to the international level of the U.S. National Park concept and a product of American initiative and leadership. This conservation landmark is among the most effective international tools for the protection of ecosystems and, *in situ*, biological diversity. The United States was the first of 158 nations to ratify this convention, now well on its way to universality. Its objectives, and U.S. goals as a state party, are:

- to identify and list natural and cultural sites considered of exceptional interest and universal value; (in requesting inscription of sites, States commit themselves to protecting them and to monitor their status); and
- to assist states parties, at their invitation, to meet their commitment to protect sites through technical and financial aid made available through intergovernmental and NGO networks.

The Convention has no role or authority beyond listing sites and offering technical advice and assistance.

The need to understand our own planet and to maintain a sustainable global environment has motivated the scientific community to develop major international programs to provide policy makers with the best available scientific knowledge for setting strategies for sustainable human development. The ICSECA account facilitates flexible, collaborative partnerships between international governmental and non-governmental organizations concerned with the advancement of science and technology, the understanding of global environmental problems and the promotion of democratic practice and the opening of education to all.

Thus, ICSECA provides funds -- through a grant to the National Academy of Sciences -- to the International Council for Science in support of UNESCO-related programs that address global environmental change, biodiversity, and natural hazards reduction.. This grant also provides funds for a number of small catalytic sub-grants in support of specific programs in microbiology, the chemical sciences, and the international social sciences that would have been supported by UNESCO were the U.S. still a member.

The ICSECA account also provides contributions to the U.S. Commission on Libraries and Information Science to promote international access to the internet, and a voluntary contribution to the U.S. Geological Survey for UNESCO-related international hydrological programs, electronic information storage and retrieval, and to UNESCO in support of a free press, literacy, democracy and human rights education, scientific capacity building, and the Man and the Biosphere Program's international programs. It also provides periodic contributions to the U.S. Geological Survey for UNESCO-related international hydrological programs.

**WORLD METEOROLOGICAL ORGANIZATION
VOLUNTARY COOPERATION PROGRAM**
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	2,000	2,000	2,000

National Interest:

The U. S - National Weather Service requires meteorological and hydrological data from outside its borders for forecasting severe weather and extreme climate, and for international air travel. Other parts of the U.S. national economy depend on weather and climate data from other parts of the world in their routine operations, such as shipping, power companies and agricultural interests.

Since its inception at U.S. behest in 1967, the World Meteorological Organization's (WMO) Voluntary Cooperation Program has provided training and equipment to help developing countries participate in WMO programs, particularly the World Weather Watch which provides continuous, vital atmospheric and oceanic data and products to:

- 1) give the U.S. and other nations the basic information needed to forecast severe weather events and assist with critical information on natural and man-made disasters that affect life, safety, water use, and crop yields around the globe;
- 2) support civil aviation, marine navigation, and basic global data needs for industry and many U.S. agencies, including the Department of Defense; and
- 3) monitor changes in climate in the cleanliness of the atmosphere, and on freshwater availability due to human interactions with the natural environment.

Objectives and Justification:

New opportunities for improving global weather and climate observations are developing which can dramatically improve the U.S. economy:

A new occultation technique allows for obtaining the structure of the world's entire upper atmosphere using low-earth-orbiting satellites and global positioning systems. A program in this field is underway, led by the University Corporation for Atmospheric Research (Boulder, CO), merits substantial international participation. By establishing regional maintenance activities, automatic weather stations can increase the observational coverage and become reliable in remote locations, providing important data for improved weather and climate forecasting. Currently, a regional maintenance program is being tested under the WMO Voluntary Cooperation Program in the Caribbean area.

Improvements in connecting Meteorological Services to the Internet provide a low-cost, reliable and quick way to get global data back to the United States. A program

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focused on switching from the existing, expensive Global Telecommunications System to the Internet is under consideration. Changing the basic approach of the system would require upgrading and training which would be covered by this program.

Voluntary Cooperation Program activities are coordinated with donor organizations such as the International Civil Aviation Organization, International Maritime Organization, Food and Agriculture Organization, World Bank, the European Union, as well as regional and bilateral partners, to avoid duplication and to take advantage of synergistic opportunities.

UNITED NATIONS POPULATION FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	-- ¹	25,000 ²	25,000

National Interests:

International population stabilization policy is a critical element of the U.S. comprehensive strategy for sustainable development, which integrates goals for population and health with those of protecting the environment, building democracy, and encouraging broad-based economic growth. Slower population growth promotes internal stability and social and economic progress in other countries, thereby improving economic opportunities for Americans and reducing the potential for future global crises. The United States implements its international population policy through both bilateral and multilateral programs. The UN Population Fund (UNFPA) is the largest multilateral provider of population assistance and has primary responsibility among the UN system agencies for population issues. It operates in over 160 developing countries and countries in transition.

Objectives and Justification:

The overall U.S. population policy objective is to implement the program of action agreed upon at the 1994 International Conference on Population and Development. This includes the establishment of national population policies and programs in each country, the conversion of family planning programs into more comprehensive reproductive health programs and the attainment of program self-sufficiency by recipient countries. At the five-year review of the Conference, participating governments agreed to broaden this commitment to address adolescent reproductive rights and the HIV/AIDS pandemic.

UNFPA is the largest multilateral provider of population assistance and has primary responsibility among the UN system agencies for population issues. It funds programs in the key areas of the program of action. Within each program area, UNFPA supports research, training, awareness and information dissemination. Gender concerns and women's empowerment are integral components of all UNFPA programming. UNFPA does not fund abortions nor does it advocate abortion as a means of family planning.

The programmatic emphases of UNFPA's activities are reproductive health and family planning, population policy, and advocacy. These focal points are consistent with U.S. population policy's stress on reducing infant and maternal mortality, preventing the spread of sexually transmitted diseases including HIV/AIDS, improving the economic,

¹ Congress eliminated U.S. contribution to UNFPA in FY 1999

² Total does not reflect the withholding of funding for UNFPA's China program.

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social and political status of women, supporting the family, narrowing educational gaps between boys and girls, increasing men's involvement in reproductive health and child rearing, and discouraging wasteful resource consumption.

For FY 2001, \$25 million has been requested to support UNFPA's activities. In addition to ongoing programs and emergency responses, the agency will address additional regional as well as sectoral issues. UNFPA will continue to respond to emergency situations by providing reproductive health and family planning services as it did for natural disaster victims in Venezuela and Turkey in late 1999. Due to increased needs for technical assistance, UNFPA will open a new regional office for the 27 countries with economies in transition in Europe and Central Asia, and Turkey.

The HIV/AIDS pandemic is affecting every country in the world. UNFPA will continue to address the problem on several levels. The agency will continue to support HIV/AIDS prevention programs in approximately 130 countries. It is also one of the seven co-sponsors of the Joint United Nations Program on HIV/AIDS (UNAIDS) and is part of the UNICEF/WHO/UNAIDS initiative on preventing mother-to-child transmission.

GLOBAL ALLIANCE FOR VACCINES AND IMMUNIZATIONS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IO&P	--	--	50,000

National Interests:

The Global Alliance for Vaccines and Immunizations' (GAVI) mandate – to protect people's health against vaccine-preventable diseases – is clearly in line with the US national interest of addressing global environmental, population and health issues. Each year, over eight million children under five years of age die from diseases, for some of which current vaccines exist but are unavailable. To resolve this access problem and help reduce the staggering death toll, GAVI was formed in 1998 as a collaborative effort of UNICEF, the World Health Organization (WHO), the World Bank, private foundations, bilateral aid agencies (including USAID), pharmaceutical industry representatives, and governments.

GAVI has established a "Global Fund for Children's Vaccines" (hereafter referred to as "the fund") with an initial grant of \$750 million over 5 years from the Bill and Melinda Gates foundation. The formal launch of GAVI (and the official announcement of the Gates' gift) occurred in January 2000 in Davos. GAVI intends to establish three separate sub-accounts or "windows" in this fund for (1) the purchase of existing vaccines, (2) infrastructure development for vaccine delivery, and (3) research and development of new vaccines (including HIV/AIDS and malaria). GAVI and the fund's objectives are consistent with the U.S. position on world health issues, as well as our efforts to ensure global economic prosperity. . The chair of GAVI's 12-member governance board rotates every two years among the international organizations, starting with the WHO and followed by UNICEF and then the World Bank. GAVI is housed in UNICEF premise's in Geneva.

Objectives and Justification:

The U.S. government's contribution of \$50 million will be to the first window, which targets the procurement of vaccines for hepatitis B, Haemophilus influenza type b (Hib), yellow fever and pneumonia, along with related safe delivery equipment such as auto-destruct syringes. To ensure that these purchases complement, rather than replace, existing vaccination efforts, GAVI's vaccine purchases will be conditional on a country achieving minimal coverage of the DTP vaccine, which is included in the existing Expanded Program for Immunization. Eligibility will also be limited initially to countries with per capita GDP below \$1000 and population under 150 million.

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The U.S. strategic goals of health, population global growth and regional stability are in line with GAVI's objectives. It is anticipated that the U.S. contribution will serve to encourage additional support for this unique consortium of effective UN agencies, governments and the private sector.

FY 2000 SUPPLEMENTAL AND ADVANCE APPROPRIATIONS

Debt Restructuring
Kosovo and Southeast Europe
Assistance to Plan Colombia

DEBT RESTRUCTURING
(\$ in thousands)

Account	FY 2000 Supplemental Request
HIPC Trust Fund	210,000

Justification:

For the world's poorest countries, debt reduction provides an incentive to implement macroeconomic and structural reforms necessary to improve economic performance and creditworthiness. Debt relief, economic reform, and poverty reduction contribute to economic growth and social development, which can mean expanded opportunities for trade and investment for the United States.

The HIPC Trust Fund request, and necessary authorization language, totals \$600 million, of which \$210 million is requested as a FY 2000 supplemental, \$150 million is requested for FY 2001, and \$240 million as an advance appropriation for FY 2002.

The HIPC Trust Fund was established in 1996 to meet the needs of regional multilateral development banks (MDBs) and other multilateral organizations that do not have the resources to participate fully in the HIPC Initiative. The fund currently has \$329 million in contributions, and may need as much as \$3.6 billion. As countries are becoming eligible for debt relief under the Enhanced HIPC Initiative, sufficient funds to treat early cases are critical to maintaining the credibility of the initiative. Failure to secure funding in FY 2000 for the HIPC Trust Fund is likely to delay full implementation of the HIPC initiative, particularly for Latin American countries. Participation by all creditors is critical to ensure that the savings from debt relief generate sufficient resources to address poverty reduction. The U.S. funds will leverage contributions from others and will help ensure that adequate funds will be available as countries become eligible for debt relief.

Additionally, for the cost of bilateral debt reduction under this initiative, we are requesting \$75 million in the President's request for FY 2001, and an advance appropriation of \$135 million is being requested for FY 2003. Funding for bilateral debt reduction will reduce approximately \$2.1 billion in debt. In total, U.S. participation in the enhanced HIPC initiative can leverage up to \$90 billion in debt relief for the world's poorest countries.

THE BALKANS AND SOUTHEAST EUROPE
(\$ in thousands)

Account	FY 2000 Supplemental Request
Assistance for East Europe and the Baltic States (SEED)	195,000
USAID Operating Expenses	22,000
Foreign Military Financing (FMF)	31,000
International Military Education and Training (IMET)	2,875
Subtotal, Foreign Operations	250,875

Justification:

Southeast Europe, and particularly the former Yugoslavia, has been a region of chronic instability over the past ten years. Two major wars resulted in the worst human rights violations in Europe since the Holocaust and have caused billions of dollars of economic damage. Only concerted political and military intervention by the United States and its allies has brought about the current peace, and it is a fragile one, one which will take considerable effort and resources by the United States and its allies to cement. In the interest of regional stability, and the protection of democracy and human rights, it is clear that we and our allies need to be engaged in this region economically, politically, and militarily if we are to end this chronic instability.

The supplemental funding is necessary to continue fostering a peaceful transition in the Balkans toward a market-oriented, democratic future. These funds are intended for a still fragile Kosovo, where problems with UNMIK's operations have arisen, and to address unforeseen circumstances elsewhere in the region, including:

- Getting the new pro-reform government in Croatia off to a fast start after the electoral defeat of the nationalists;
- New pressures on the democratic forces within Montenegro;
- New opportunities for U.S. and EU support to the Milosevic opposition in Serbia.

The emergency supplemental requests \$624 million to address these unforeseen requirements in Kosovo and Southeast Europe, of which \$251 million is under the authority of the Foreign Operations subcommittees and the remainder of Commerce-Justice-State (CJS). Foreign Operations funding will be used for economic and democratic reform activities and USAID operating expenses in Kosovo, Croatia, and Montenegro; support for the democratic opposition in Serbia. Additional FMF and IMET is needed to support the professionalization of military organizations in Southeast European countries, many of which will ultimately be candidates for NATO membership. Finally, more funds are needed to stimulate European Bank for Reconstruction and Development (EBRD) lending through the trust fund.

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The CJS portion of the supplemental request, \$374 million, will be used to build secure U.S. diplomatic facilities in Kosovo, Bosnia and Albania, to pay expected additional assessments for UN peacekeeping operations in Kosovo and East Timor, cover additional State Department operating costs in the region, and support Fullbright and other exchange programs.

Kosovo: The supplemental request would allow the U.S. government to join the international community in addressing the immediate needs of the international authorities in Kosovo. Recent violence continues to jeopardize the success of the peacekeeping mission. U.S. soldiers will face greater risks unless order and viable economic opportunities are brought to the province. Increased support is necessary to maintain and strengthen local institutions and governance, repress ethnic violence and restart the economy.

An increase of \$14.4 million for civilian police will maintain the U.S. share of the UN International Police Force at original proportions as the police presence expands to help address the continued unrest in Kosovo and expand judicial reform. An additional \$58.1 million towards economic reform will assist the stimulation of private sector growth. The remaining \$20.3 million of the supplemental request would cover further efforts to strengthen the judicial, human rights, and municipal authorities as well as supplement the revenue collected by UNMIK's local authorities to cover the gap in the budget of this local administration.

Croatia: Following the HDZ party's recent defeat in parliamentary and presidential elections, U.S. assistance to Croatia was increased by almost one-third to \$20 million, yet additional funds are needed to help ensure rapid improvement in economic and political conditions. The new government must design and implement market reforms to overcome the disastrous economic legacy of Tudjman and his hard-line HDZ party. The \$35.7 million in supplemental funding would go towards programs in economic reform (\$24 million), \$9.2 million would fund programs to help democratic forces consolidate their victory institutionally, and \$2 million would augment programs to support refugee returns.

Montenegro: Milosevic has made himself an international pariah by attempting to ethnically cleanse Kosovo, and the need to bolster the opposition to his regime within Serbia as well as in Montenegro has become more urgent. His regime's economic mismanagement has turned chaotic. Democratic Montenegro needs more immediate funding to resolve its economic situation. Additional SEED funds of \$34 million will help Montenegro more rapidly develop economic policy and management skills, as well as strengthen the judiciary. Most importantly, the province needs more funds to cover the cost of imports of essentials, such as electricity, fuel and medicine, and to meet essential obligations, such as salaries for teachers and civil servants and payments of pensions.

Serbia: Replacing the Milosevic regime with a tolerant democracy is the key to achieving stability in Southeast Europe. Our major investment in bringing lasting peace

Supplemental and Advance Appropriations

to Bosnia and Kosovo will be threatened as long as Milosevic is in power, and the propensity for new crises erupting within the region is high. Fifteen million dollars would support material and technical assistance for three key components of the democratic movement in Serbia: opposition political parties and alliances; independent media; and grass-roots organizations such as pro-democracy NGOs, labor unions and youth groups. Funds will also be used to maintain and enlarge the ability to broadcast television and radio into Serbia from sites in neighboring areas, and to support economic, political and administrative reform.

Regional SEED Account: Seventeen million dollars in regional SEED funds will fund two needed programs. The Regional Anti-Organized Crime program (\$12 million) would form highly-trained groups ("vetted units") of police officers and prosecutors in Albania, Bosnia, and Kosovo to investigate significant cases of organized crime and corruption. Improving the effectiveness of law enforcement in these countries is key to assisting U.S. peacekeeping forces in Bosnia and Kosovo, and to establishing a stable and secure environment to permit their timely withdrawal.

Another \$5 million in supplemental funds is requested to create a U.S. Small and Medium Sized Enterprises (SME) Trust Fund at the European Bank for Reconstruction and Development (EBRD). The total U.S. contribution in FY 2000 would total \$15 million for the SME Trust Fund. This fund would provide an important source of financing for the private sector in Southeast Europe, a key factor in stimulating broad-based economic growth and sustainable development, which in turn opens markets, expands exports, and assists American businesses.

FMF/IMET: Central to lasting peace in Europe is the political, economic, and military integration of the countries of Southeast Europe and the Balkans into Europe and the global community. Militaries in the region continue to undergo restructuring. U.S. military assistance is focused on helping these militaries contribute to the region's stability through the strengthening of civilian control of the military and increasing the effectiveness of their cooperation with NATO in Bosnia, Kosovo, including active participation in Partnership for Peace (PfP), joint exercises, as well as humanitarian, search and rescue and peacekeeping operations.

However, the Kosovo crisis fully engaged the militaries in the region, causing delays and, in some cases, postponement of acquisitions of U.S. military defense articles, services and training. The Kosovo crisis, combined with tight national defense budgets during this period, has resulted in equipment and training shortfalls necessary to help these militaries contribute fully to security in the region. The countries to receive the supplemental IMET and FMF funding include Albania, Bosnia, Bulgaria, Croatia, Macedonia, Romania, Slovakia and Slovenia. These countries also face the most immediate threat of instability spilling over from Milosevic's Serbia.

Individual country and regional program papers contain descriptions of current funding levels and FY 2001 requests.

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ASSISTANCE TO PLAN COLOMBIA
(\$ in millions)

Goal/Country	FY 2000 Supplemental	FY 2001 Request	Total
Push Into Southern Colombia	512	88	599
(Colombia only)			
International Affairs Component (150)	[482]	[67]	[548]
DoD Component (050)	[30]	[21]	[51]
Drug Trafficking Interdiction	238	102	341
Colombia	220	75	295
International Affairs Component (150)	[113]	[34]	[147]
DoD Component (050)	[107]	[41]	[148]
Peru	10	12	22
Bolivia	2	4	6
Ecuador	2	4	6
Other (Venezuela, Costa Rica Panama, Brazil)	5	7	12
Colombian National Police	68	28	95
(Colombia only)			
Alternative Development	92	53	145
Colombia	62	53	115
Peru	15	-	15
Bolivia	12	-	12
Ecuador	3	-	3
Boost Governing Capacity	45	48	93
(Colombia only)			
TOTAL, PLAN COLOMBIA	954	318	1,273
International Affairs Component (150)	[818]	[256]	[1,073]
DoD Component (050)	[137]	[62]	[199]

- Assistance to Plan Colombia is a two-year, \$1.273 billion Foreign Operations and Department of Defense (DoD) program designed to reduce the supply of drugs to the United States and improve the ability of the Government of Colombia, the Andean Ridge, and other countries in the region to address the interlocking problems of

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narcotrafficking, human rights abuses, internally displaced persons, economic deterioration and to provide support for the peace process.

- Of the overall request, 94% of the funding is in support of Colombia. The remaining funding supports efforts in Peru, Bolivia, Ecuador, Venezuela, Brazil, Costa Rica, and Panama. The activities in these countries funded under Assistance to Plan Colombia focus on the alternative development and drug trafficking interdiction. .

Foreign Operations Country Totals (\$ in millions)	FY 2000 Supplemental	FY 2001 Request	Total
Colombia	769	229	998
Peru	25	12	37
Bolivia	14	4	18
Ecuador	5	4	9
Other (Venezuela, Costa Rica, Panama, Brazil)	5	7	12
TOTAL	818	256	1,073

- Approximately 21 percent of the two-year program will enhance alternative development, strengthen civil justice, human rights and democratic institutions, and assist the internally displaced. The remainder of the program provides assistance to counter-narcotics forces engaged in eradication and interdiction and to selected military forces supporting them. The two-year Foreign Operations and DoD package consists of:
 1. FY 2000 – Foreign Operations (\$818million) and DoD (\$137 million) emergency supplemental requests;
 2. FY 2001 – Foreign Operations (\$256 million) and DoD (\$62 million) budget requests specifically for Assistance to Plan Colombia.
 3. In addition to the two-year Plan Colombia package, \$334 million in FY 2000 and FY 2001 “base programs” brings the total funding for Colombia to approximately \$1.6 billion.
- The five components of Assistance to Plan Colombia entail:
 1. Push Into Southern Colombia: Colombia provides 80 percent of the cocaine and more than one-third of the heroin consumed in the US. The world’s greatest expansion in drug cultivation is occurring in insurgent-dominated southern Colombia. Illegal armed groups such as the FARC and paramilitaries earn hundreds of millions of dollars per year participating in and protecting the narcotics trade in Colombia. The U.S. objective is to cap that expansion of coca cultivation this year, and begin rolling it back

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subsequently. We intend to replicate in Colombia the dramatic and sustained decreases in narcotics production that U.S. programs have produced in Peru and Bolivia in recent years.

This package funds \$600 million over the next two years to help train and equip two special counter-narcotics battalions (CNBN) which, in addition to the CNBN that the US just trained, will round out a CN Brigade. The Colombian National Police (CNP) lack the capability to carry out counter-narcotics missions in the southern departments of Caqueta and Putumayo, which have become the center of coca cultivation, due to good growing conditions and the concentration of well-armed guerrillas and paramilitary groups operating there. The Colombian Army CNBNs will be dedicated to supporting the CNP to enable them to eradicate illicit crops, destroy drug labs, and arrest those involved in drug trafficking.

CNBN mobility is paramount to the success of this effort. Without airlift, the CNBNs will not be able to operate in the most active coca growing areas in preparation for CNP eradication and lab interdiction operations. The package will provide 30 UH-60 Blackhawk helicopters and 15 UH-1N Huey helicopters, as well as funding to sustain 18 UH-1N Hueys now in Colombia. This will give the CNBNs the air-mobility they need to access remote and undeveloped regions of southern Colombia. The assistance package will also provide resources to increase intelligence for the Colombian Joint Task Force-South, based at Tres Esquinas, which includes fully-vetted participants from all the military services and the Colombian National Police. The package will also provide funds for shelter and assistance to the Colombian people who will be displaced due to the counter-drug effects of this push into the southern coca-growing regions of Colombia.

2. Drug Trafficking Interdiction: The package beefs up regional interdiction capabilities, partially to prevent success in Colombia from pushing the problem back onto its neighbors. To this end, the \$341 million (split almost equally between Foreign Operations and Defense appropriations) over the next two years will improve radar systems to track suspected targets, upgrade airfields, and modify AC-37 and OV-10 aircraft to give Colombia a greater ability to intercept traffickers and provide better intelligence to allow the CNP and military to respond quickly to narcotics activity. The proposal would also fund the construction of a US Forward Operating Location in Manta, Ecuador and fund assistance to enhance interdiction efforts in Peru, Bolivia, and Ecuador to prevent narco-traffickers and growers from moving into neighboring countries.

The package will expand air riverine, maritime and overland interdiction capability. In Peru and Bolivia it will fund upgrades to helicopters and aircraft to enhance interdiction programs and prevent the pressure in Colombia from forcing the drug trade back into neighboring countries. It will

Supplemental and Advance Appropriations

fund a one-time, \$68 million upgrade of radar systems on US Customs P3 AEW (Airborne Early Warning) aircraft used for detection and monitoring of suspected narco-trafficking targets in the cocaine source zone, primarily Colombia. Similarly, it will beef up the detection, tracking and interdiction capabilities of the Colombian Air Force, including the outfitting of two more AC-47s (bringing the Colombian inventory to a total of six) for close support protection of the CNBNs.

3. Colombian National Police: The CNP has been at the forefront of Colombian counter-drug efforts. The package will fund \$95 million over the next two years to enhance the CNP's ability to eradicate coca and poppy fields by upgrading existing CNP Huey UH-IHs to Super Huey's (greater lift, speed, range), procuring additional spray aircraft, providing secure bases for increased operations in the coca-growing center, and supplying more intelligence on the narcotics traffickers. This funding, in conjunction with the establishment of the CNBNs, will enable the CNP to conduct operations in narcotics-growing areas previously beyond their reach.
4. Alternative Development: The \$145 million over the next two years represents more than a ten-fold increase in aid to Colombian farmers who seek alternatives to growing coca and opium poppy, and to increasing local governments' ability to respond to the needs of their people. Through PLANTE, Colombia's Alternative Development agency, US funds will provide basic social infrastructure to communities committing to voluntary eradication. Assistance will increase communities' productivity through credit and technical assistance for planting and marketing replacement crops. As interdiction and eradication make drug farming less profitable and appealing, these programs will assist communities in the transition to licit economic activity. Of this amount, \$30 million will fund alternative development in Bolivia, Peru and Ecuador, and \$25 million will assist internally displaced persons (IDPs), providing basic social services for up to 300,000 people displaced by violence and conflict.
5. Boost Governing Capacity: Approximately \$93 million over two years (with \$45 million targeted for FY 2000 and \$48 million for FY 2001) is directed at boosting the government capacity of the GOC – primarily dedicated to justice and human rights related projects to be undertaken by DOJ and USAID. Human rights and the rule of law are central to the US commitment to a comprehensive solution to the problems of Colombia. US assistance will fund increased training for the police, prosecutors and judges in areas of human rights, narcotics, maritime and border security, corruption, kidnapping and money laundering/asset forfeiture cases. Funds will also be used for security protection for witnesses, judges and prosecutors in the criminal justice system, as well as in prison design and administration. Assistance will support procedural and legal reforms for the transition to an accusatory judicial system, including oral trials.

Supplemental and Advance Appropriations

There also must be close coordination between civilian and military justice systems to ensure that any member of the armed forces implicated in human rights abuses is properly investigated and held accountable for crimes. Funding for human rights strengthening includes training and support for human rights NGOs as well as government investigators and prosecutors, including a specialized human rights task force (approximately \$15 million over two years.)

III. REQUEST BY REGION

Sub-Saharan Africa
East Asia and the Pacific
Europe
Near East
New Independent States
South Asia
Western Hemisphere
Global Programs

SUB-SAHARAN AFRICA

**Bureau of African Affairs
Statement by
Assistant Secretary Susan E. Rice**

National Interests

As the new century begins, sub-Saharan Africa remains an important frontier in U.S. efforts to achieve a free-market global economy, promote political freedom, and help eliminate threats to national security. The overarching U.S. policy goals in Africa therefore include 1) integrating Africa into the global economy by promoting economic prosperity, democracy, and conflict resolution; and 2) defending the United States against transnational threats emanating from Africa – principally terrorism, international crime, narcotics trafficking, weapons proliferation, environmental degradation, population pressures, and disease. The United States pursues these goals within a forward-looking partnership with Africans based on mutual interests and mutual respect.

Advancing A Strategic Partnership for the 21st Century

In recent years, the United States has reinforced and deepened our engagement in sub-Saharan Africa. During President Clinton's historic 1998 trip to the region, he drew attention to African achievements and launched supportive new initiatives in the areas of education, justice and rule of law, civil aviation safety and security, democracy promotion, and conflict resolution. These initiatives are key components of an integrated strategy that includes bilateral and regional programs addressing Africa's cross-border challenges. To ensure funding for these programs and initiatives, the President pledged to work with Congress to raise U.S. assistance to Africa towards historic highs, culminating in our FY 2001 request for \$837 million in combined Development Assistance (DA) and Economic Support Funds (ESF). We must maintain this minimum level of U.S. assistance to effectively bolster African reformers now attempting to overcome development gaps and establish stability.

In March 1999, the United States hosted a landmark U.S.-Africa ministerial conference in Washington attended by ministers from 46 African states. We enjoyed candid and productive exchanges on a wide range of concerns, including trade and investment, conflict resolution, HIV/AIDS, democratization, agribusiness, and regional economic integration. In April, we deepened our dialogue by launching the U.S.-Southern African Development Community (SADC) Forum, which brings U.S. public and private officials together with one of Africa's most critical economic blocs. At the Cologne G-8 summit in June, the President mobilized wide donor support for an initiative that will potentially forgive over \$70 billion worth of debt for top African reformers. A new \$100 million HIV/AIDS initiative was then unveiled in July. Finally, Secretary Albright's third trip to the region in October focused on three common U.S. and African goals: conflict resolution, democracy, and economic reform.

Integrating Africa into the Global Economy

The United States is promoting Africa's global economic integration by helping to bolster and expand Africa's opening markets. Over fifteen percent of the U.S. oil supply originates in Africa, and U.S. companies have invested over \$7 billion in the region, with returns exceeding the world average. We encourage open markets, urging adherence to World Trade Organization protocols and through programs such as The President's Partnership for Economic Growth and Opportunity (\$28 million is requested in FY 2001 DA and \$2 million in FY 2001 ESF). We strongly support efforts of leading reformers such as Ghana, South Africa and Uganda, while bolstering reform efforts of regional organizations such as the Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS) (\$1 million in FY 2001 ESF is requested for Regional Organizations). We also nurture free market policies through bi-national commissions established with South Africa, Nigeria, and Angola. The Safe Skies for Africa initiative (\$2 million in FY 2001 ESF is requested), and the Secretary's SADC initiative (\$1 million in FY 2001 ESF is requested) also help open regional markets.

While fostering open markets, we promote U.S. exports to Africa. Recently, our exports to Africa have outstripped those to the former Soviet Union, increasing by eight percent even as U.S. exports to Asia dropped. Our activities range from trade missions, outreach and technical assistance (through our embassies, USAID, the Department of Commerce, and the Trade Development Agency), to \$650 million in OPIC loan guarantees for U.S. investors in Africa. These efforts complement World Bank privatization programs that provide investment guarantees, and \$2 million in ESF funds from the President's Partnership for Growth and Opportunity that will promote increased U.S. trade and investment opportunities.

Strong African economies will support democratic and economic stability even as they enhance U.S. trade and investment. Average annual growth rates of approximately four percent have replaced much lower rates of the 1980's. Fourteen African countries are creating a binding anti-corruption convention. The pillars of our economic development strategy include 1) a minister-level U.S.- Africa Economic Forum, through which we will encourage good economic management, 2) the President's Partnership for Economic Growth and Opportunity which -- in addition to promoting open markets and U.S. exports -- provides technical assistance and improves African access to U.S. markets, and 3) traditional USAID development programs, which concentrate resources in key countries. In FY 2001 we will maintain a high level of assistance to Nigeria, which provides eight percent of U.S. oil. The Education for Development and Democracy Initiative (\$30 million is requested in FY 2001 DA and CSD and \$15 million in FY 2001 ESF) complements these efforts, along with debt relief, including the enhanced Heavily Indebted Poor Countries (HIPC) initiative. The Cologne initiative can forgive up to \$90 billion in official external debt to nations that qualify, including over \$3.5 billion in bilateral debt to the United States. U.S. efforts are closely coordinated with international financial institutions, which also monitor and reward reform.

Sub-Saharan Africa

Transparent and accountable democratic governance is crucial to achieving economic progress and maintaining regional stability. Prior to 1990, only four sub-Saharan countries were democracies. Today, nearly half of Africa's 48 countries have instituted democratic forms of government. Deeper political reform continues, even though fragile new democracies, such as Sierra Leone and Guinea-Bissau, and countries in transition, such as Cote d'Ivoire, have experienced coups. Some countries in transition relapse into authoritarian practices, particularly around the time of elections, while the majority continue to make only incremental progress towards holding truly fair and transparent elections or building strong democratic institutions and practices.

Our strategy to strengthen democratic rule and respect for human rights in all of Africa is twofold: 1) we press authoritarian regimes toward change while nurturing democratic institutions, such as the free press, and civil society within their societies, and 2) in fragile or new democracies, we help Africans to establish independent and accountable government institutions and a vibrant civil society. We implement our strategy through a mix of public and quiet diplomacy, programs combined at times with aid conditionally.

U.S. democracy programs range from large USAID democratic development programs to the embassy-managed Democracy and Human Rights Fund, which provides small grants to indigenous NGOs. The Africa Regional Democracy Fund (\$15 million in FY 2001 ESF is requested) falls between the larger and smaller programs in scope. It helps Africans build institutions, strengthen civil society and assist important elections in new or fragile democracies, even where USAID is not present. The Countries in Transition Program (\$20 million in FY 2001 ESF is requested) provides fast-disbursing assistance during unexpected crises and transition opportunities. The Great Lakes Justice Initiative (\$10 million in FY 2001 ESF is requested) will strengthen respect for human rights and the rule of law in Rwanda, Democratic Republic of the Congo, and Burundi. The Great Lakes program is complemented by VOA Radio Democracy broadcasts in central Africa that promote respect for human rights. Finally, our International Military Education and Training (IMET) program reinforces subordination to civilian rule and respect for human rights within Africa's militaries (\$9 million in FY 2001 IMET is requested).

Major instabilities that hamper economic and political progress in Africa today include Ethiopia and Eritrea's border dispute and civil conflicts in Sudan and Angola. In Sierra Leone and the Democratic Republic of the Congo, fragile peace processes are underway following, respectively, a civil war plagued by horrific human rights abuses and a conflict that pulled in at least eight other countries. The U.S. regional stability strategy involves: 1) helping to resolve existing conflicts and supporting peacekeeping in the short term, while 2) simultaneously building an African capability to handle conflict and prevent crises well into the future.

The United States was instrumental in resolving civil conflicts in Mozambique and Liberia, and we continue to work tirelessly with our African and European partners as well as Japan to end the remaining conflicts. Our Regional Peacekeeping Program

Sub-Saharan Africa

(\$15 million in FY 2001 PKO is requested) enables Africans to provide well-trained peacekeeping forces to conflicted regions as part of UN operations, or as part of regionally-sponsored operations such as those of the Economic Community of West African States Monitoring Group (ECOMOG) in Sierra Leone. In FY 2001, we also plan to support African efforts to establish small arms moratoria and to enhance Africa's ability to track arms flows and better enforce internationally recognized arms embargoes on the continent with regional International Narcotics Control and Law Enforcement (INCLE) funds. The Countries in Transition program will enable funding for unanticipated needs in the areas of conflict negotiation and post-conflict stabilization. Finally, while continuing to support regional peacekeeping operations, we see the need to considerably increase Contributions to International Peacekeeping Activities for UN operations in Ethiopia/Eritrea, the Democratic Republic of the Congo, Sierra Leone, and Angola in FY 2001 (around \$240 million is anticipated for Africa in FY 2001). Another \$18 million in FY 2001 CIPA funds will contribute support to Rwanda's International Criminal Tribunal.

We must strengthen Africa's own conflict resolution capacity. We are continuing the African Crisis Response Initiative (ACRI) which has provided initial training to battalions from six countries and follow-on training to the majority of these units. ACRI-trained troops participated in three African peacekeeping missions in FY 1999. We are requesting \$20 million for ACRI from the FY 2001 Peacekeeping Operations (PKO) account. To further enhance African capability, we are proposing a new initiative, the Africa Regional Stability Foreign Military Financing (FMF) program (\$18 million) which replaces and expands the East Africa Regional FMF program. The Regional Stability program will support the Organization for African Unity's (OAU) Crisis Management Center and Observer Force and bolster ECOWAS peacekeeping operations in West Africa. A major component of the initiative has been to provide non-lethal support for East African militaries to enable them to contain terrorism emanating from Sudan. Finally, the program provides bilateral FMF for Nigeria to restore its C130 fleet and support its leading peacekeeping role. In addition, DOD's African Center for Strategic Studies launched in 1999 will enable close interaction between senior African military and civilian leaders in academic seminars across the continent.

Humanitarian Assistance, the final piece of our economic integration strategy, helps lighten a heavy burden. Twelve percent of Americans, almost 33 million people, trace their roots to the African continent, and many Americans feel a strong obligation to respond to crises. As a result of conflict and natural disaster, we provided nearly \$1 billion in humanitarian assistance to sub-Saharan Africa last year. Each year, USAID's offices for Foreign Disaster Assistance, Transition Initiatives and Food for Peace team with the State Department's Population, Refugees and Migration bureau and with international agencies and NGOs to provide humanitarian assistance in Africa. Our Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) demining programs, which currently span 13 countries, are helping to remove the scourge of landmines (around \$13 million is expected for Africa in FY 2001).

Defending against Transnational Threats

The number of terrorist incidents worldwide is up, and the terrorist problem in Africa can no longer be ignored. Sudan is one of seven state sponsors of terrorism, and Somalia has become a safe haven for terrorists and a major transit point for illicit weapons. The network of Usama bin Laden, who is believed responsible for the 1998 bombings of U.S. embassies in Kenya and Tanzania, extends throughout the African continent. Temporary 1999 closure of several U.S. embassies in Africa believed to be under surveillance by suspicious individuals demonstrates the seriousness with which we take this threat.

The U.S. strategy to prevent terrorist threats emanating from Africa needs to be urgently expanded. We plan to work with the OAU on their draft terrorism convention, and U.S. terrorist assessments have gone forward in seven countries. The first phase of a regional Anti-terrorism Assistance (ATA) program has been implemented in three of these. In FY 2001, we seek to double our ATA training programs, bringing the level of funding up to over \$5 million. This will allow us to complete training already begun in six countries -- Kenya, Tanzania, Uganda, South Africa, Senegal, Cote d'Ivoire and Ghana -- and to expand training to additional countries, including in East Africa, where Diplomatic Security is now planning an assessment. Our Safe Skies Initiative will enhance African airport security, decreasing the ability of terrorists to travel freely and transport weapons.

The growing crime menace from Africa requires effective action. Major African cities with extensive commercial, financial, sea and air links to Asia, Europe and the Middle East are hubs for international criminal activity, including narcotics trafficking. For example, Americans lose hundreds of millions annually to white-collar crime syndicates based in Nigeria, mostly from financial schemes, including insurance, credit card and advance fee scams. In addition, Nigeria ranks fifth worldwide as a source of counterfeit U.S. currency. Approximately 30 percent of the heroin intercepted at U.S. ports of entry in recent years was seized from African-controlled couriers. International crime and narcotics trafficking has become increasingly serious in Cape Verde, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Mozambique, Senegal, South Africa and Tanzania as well.

Working closely with the International Narcotics Control and Law Enforcement Affairs (INCLE) bureau and the Department of Justice, the Africa Bureau has devised a strategy to combat international crime and narcotics trafficking. We must first raise the level of awareness of both African governments and society of the threat posed by crime and narcotics trafficking to Africa. We will work to conclude mutual legal assistance and will press for ratification of the 1988 UN Narcotics Convention. We are seeking FBI training for African police officials, small arms interdiction support for a regional police chief's association, and will establish an International Law Enforcement Academy, for which we requested \$3 million in FY 2000, in Southern Africa. In order to meet these challenges effectively, we are requesting \$10 million in FY 2001 INCLE funds for Africa in order to enhance anti-crime and counter-narcotics assistance for security officials in

Sub-Saharan Africa

the eight countries identified by INL as crucial, and to computerize points of entry in transshipment countries. Our Safe Skies initiative will also contribute to our efforts by enhancing airport security.

Damage done to Africa's delicate ecosystem is far-reaching. Deforestation, for example, contributes to global warming. Global warming, in turn, harms food productivity and intensifies droughts, floods, and El Nino effects worldwide, which also hastens the spread of infectious diseases. Through diplomacy and U.S. programs, we will press for and enable African commitments to environmental protection, evidenced by positions in negotiations of key agreements on climate change, forests and biodiversity and adherence to these agreements. USAID environmental programs promote the wise use of natural resources and encourage preservation of Africa's unique biodiversity in 19 countries, including substantial investments in Madagascar, Malawi, Mozambique, and Uganda, and countries in the central African rainforest.

Population pressures in Africa multiply the spread of poverty, social problems and conflict. If Africa's high population growth rate of over 3 percent is not reduced, consequences affecting African economic development, as well as the global population explosion in the new century, will be dire. We are pressing African states to implement the 1994 Cairo Summit's International Conference on Population and Development Program of Action. Meanwhile, USAID programs have helped to decrease population growth rates in 20 countries, including Ghana, Kenya, Nigeria, Mozambique, and Uganda.

The HIV/AIDS epidemic in Africa is bringing severe consequences across military, political and economic sectors. We are losing a generation of talent, and the likelihood of new infections is skyrocketing. USAID is the leading bilateral donor in HIV/AIDS prevention, with over half of these resources focused in Africa, where the epidemic is most severe. USAID is also working to reduce the threat of infectious diseases in Africa such as polio, tuberculosis and malaria. The Administration launched an HIV/AIDS initiative that we hope will leverage considerable donor support to intensify the battle against HIV/AIDS in Africa to the benefit not only of Africans, but of the entire world.

Diplomatic Readiness

Universal U.S. representation is one of our key strengths relative to other donor countries, and remains critical to our ability to represent and advance U.S. interests. In FY 2000, although our workload has multiplied with the Administration's new policy agenda, the Bureau of African Affairs continues to struggle with staffing gaps and a seriously deteriorating infrastructure. The bombings in Kenya and Tanzania further exacerbated our personnel needs with heightened security requirements. In FY 2000 and 2001 the Africa Bureau's goal is to "get back to basics"; we seek only to fill our priority staffing gaps, meet security related infrastructure requests and re-open our embassies in Khartoum, Sudan and Brazzaville, Republic of the Congo.

Sub-Saharan Africa

Our staffing gaps are extensive, and hopes of filling them are bleak. We spend \$2.0 million providing temporary embassy staffing support – this is only \$200,000 less than it costs for the combined operations of embassies in Namibia, Lesotho, Mauritius, and Swaziland. We have six posts with only one communicator. These sole communicators are tremendously overworked and serve in some of our most challenging hardship posts. We therefore require two new regional communication officers to provide back-up for single communicator posts. Our need for new positions is critical but we have been forced to refrain from asking for new junior officer positions because we do not have the funds available for start-up costs.

USIA integration is a factor in our projected plans. While we are excited about the new public outreach partnership, there is some concern regarding requirements for infrastructure support, security upgrades, lease costs, and upgraded information tools. At this point in the transition it is difficult to identify costs but we anticipate resource requirements may exceed those funds directly transferred to the regional bureaus.

Guaranteeing the U.S. Government's diplomatic readiness in Africa is exceptionally expensive because of political instability and the lack of local infrastructures in many of the countries. We must aggressively deploy monies to counter the security and infrastructure deterioration and thus assure that those who serve in Africa do so in safe environments. We have identified six posts in immediate need of new chanceries: Nairobi, Dar es Salaam, Kampala, Luanda, Abuja, and Abidjan. We must fortify and relocate vulnerable embassies and other U.S. government facilities in Harare, Cape Town, Bamako, Conakry, Kinshasa, and Antananarivo. As has recently been studied, we may be able to create some economies of scale from regional support but in terms of our policy agenda, we cannot afford to close our posts.

ANGOLA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	2,700	5,400	6,414
DA	8,500	3,596	3,535
ESF	--	--	5,000
NADR	--	3,096	2,900
IMET	--	50	50

National Interests:

U.S. national interests in Angola focus on the security of American citizens, promoting democracy, U.S. economic prosperity and humanitarian response. Ensuring the safety of American citizens, U.S. businesses and U.S.-funded NGOs is our highest priority due to the widespread return to conflict. Achieving an end to Africa's longest civil war is the first step in promoting democratic government and economic prosperity. We seek to ensure growing access to a source of over seven per cent of U.S. petroleum imports and to pursue business opportunities in a country that is the second largest site for U.S. investment in sub-Saharan Africa. We must also respond to humanitarian needs caused by Angola's civil war while maintaining capacity to support recovery and rehabilitation and address the legacy of up to eight million landmines in Angolan soil. We must encourage the Angola Government to play a responsible role in the crucial central African region.

Objectives and Justification:

The United States is actively engaged in bilateral and multilateral efforts to address the humanitarian repercussions of the conflict in Angola, and seeks to lay the political, economic, and social foundations for an eventual peace to take hold. U.S. assistance is designed to help Angola establish the basis for peaceful development after enduring decades of devastating conflict.

In FY 2001 a new five-year strategy for Development Assistance (DA) in Angola will be initiated to support recovery of small holder agricultural production, assist victims of landmines, support economic reform and begin a small environmental program. FY 2001 Child Survival and Disease (CSD) funds will be used to initiate a modest program in HIV/AIDS awareness. CSD funds will also be used to address Angola's chronic health care situation, specifically in the area of maternal and child care, immunizations, training of health workers, and programs to provide potable water to rural communities.

Sub-Saharan Africa

FY 2001 DA funded democracy and governance programs are intended to strengthen such elements of civil society as NGOs, the independent media, and political parties, as well as the multiparty National Assembly. These will be supplemented by small grants from the regional Democracy and Human Rights Fund.

The United States will use FY 2001 Economic Support Funds (ESF) to advance U.S. interests in strengthening bilateral relations with the Government of Angola, and will support initiatives undertaken in the context of the U.S.-Angola Bilateral Consultative Commission launched at the end of FY 1999. Included in this initiative are plans to promote greater awareness in the Angolan military for democracy, human rights, the rule of law, and effective civil-military relations. Modest International Military Education and Training (IMET) programs in FY 2000 and FY 2001 will help fund training in these areas for Angolan military officers.

Other assistance programs will help pay for the repercussions of the Angolan conflict. A land mine awareness and clearance program will continue to use FY 2001 Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) funds to help reduce land mine accidents through mine awareness training and make more land available for agricultural uses through provision of equipment for mine clearing in peaceful areas. FY 2001 Contributions to International Peacekeeping Activities (CIPA) funds will help pay for a small UN presence in Angola, which will seek to improve respect for human rights and support efforts to find a political solution to Angola's civil war. Angola may be eligible to receive grant Excess Defense Articles (EDA) in FY 2001 under Section 516 of the Foreign Assistance Act. Upon resolution of the current conflict, EDA would be used for demining and peacekeeping activities and the implementation of a peace process.

BENIN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	11,463	10,058	10,027
DA	4,275	3,826	4,606
IMET	372	350	350

National Interests:

The primary U.S. interest in Benin is democracy. The United States has humanitarian interests in Benin as well. The United States seeks to reinforce Benin's support of U.S. international peacekeeping and humanitarian activities, to expand U.S. exports to Benin, and to consolidate economic liberalization. The U.S. is also working to improve health conditions, support Benin's high priority goal of controlling population growth, and foster economic prosperity to improve Benin's prospects for self-sufficiency and potential as an economic partner.

Objectives and Justification:

Since the transition to democracy in 1990, Benin has served as a model within West Africa. Nonetheless, there remains much to be done to consolidate that democracy, and the country still faces enormous problems in the areas of health and economic development. With our strong focus on humanitarian interests, the FY 2001 Child Survival and Diseases account (CSD) for Benin will continue to fund basic education, child survival, HIV/AIDS, infectious disease, polio and other health programs. These programs will provide the basic social infrastructure for development. Basic education, HIV/AIDS and child survival make up the bulk of these funds.

The FY 2001 Development Assistance account (DA) will continue to fund programs for population, in addition to democracy and governance. The population funds will complement the Government of Benin's high priority on population programs and increase access to family planning and maternal/child health services. The democracy and governance programs will strengthen Benin's nascent democratic institutions and civil society, along with small grants from the regional Democracy and Human Rights Fund. The FY 2001 International Military Education and Training (IMET) support will reinforce civilian control of Benin's military and help develop a professional, non-political and well-trained military force, contributing to Benin's stability. Benin's armed forces will be eligible to receive grant Excess Defense Articles (EDA) in FY 2001 under Section 516 of the Foreign Assistance Act. EDA would also assist Benin in its participation in regional peacekeeping activities.

BOTSWANA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	562	450	500

National Interests:

The primary U.S. interests in Botswana are democracy, economic prosperity, and global issues. As a strong democracy practicing prudent fiscal policies, Botswana is an integral component in the U.S. Government's evolving policy toward the southern African region – a relationship that increasingly is focused on integrating Africa into the global economy by promoting democracy and respect for human rights, economic development, and conflict resolution.

Objectives and Justification:

U.S. efforts focus on supporting Botswana's stable democracy, expanding U.S. business opportunities, and advocating Botswana's leadership in the region, particularly on regional security and conflict resolution matters. As a middle-income country enjoying relative economic prosperity, Botswana is not a recipient of bilateral Development Assistance (DA). Nevertheless, U.S. goals in the areas of democracy, economic development, and global issues such as HIV/AIDS and the environment are addressed by a variety of regional funding programs.

Botswana has one of the region's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of southern Africa. Botswana has also provided a venue for regional military exchanges that have been well-received and that have fostered a spirit of regional cooperation. Through the International Military Education and Training (IMET) program and other regional initiatives, we seek to expand our connections with Botswana's military leaders and support their interest in contributing to efforts to strengthen both regional civil-military ties and regional military-military relations. The FY 2001 IMET program will train approximately 30 Botswana Defense Force (BDF) officers. Botswana will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Botswana's peacekeeping and bio-diversity activities.

BURKINA FASO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	625	--	--
IMET	--	--	70

National Interests:

The primary U.S. national interest in Burkina Faso is the promotion of democracy, followed by a humanitarian interest. In support of these interests, the United States promotes stability and good governance, economic growth, the assumption by the GOBF of a stabilizing, peacekeeping role in the region, and a moderate, non-interventionist foreign policy.

Objectives and Justification:

The United States promotes democracy in Burkina Faso through diplomacy and small grants from the Democracy and Human Rights Fund. Burkina Faso's integration into the global economy will improve the well-being of the population of one of the world's poorest countries and increase its capacity to avert/absorb the consequences of natural disasters which might require emergency assistance from the international community. State Department International Visitor Program (IV) grants and outreach programs strengthen constituencies which favor democratic and economic reform. By improving the health and well-being of the people of Burkina Faso, we strengthen the ability of the government to play a constructive role in promoting peace and stability in the region. Even though the USAID office was closed Burkina Faso in 1995, PL 480 II programs continue to assist with micro-enterprise development at the community level, and Peace Corps manages a broad range of projects targeted at education and health.

The military is an important element of Burkina society and has sought military-to-military contact for several years. The FY 2001 International Military Education and Training (IMET) program will help increase understanding and defense cooperation and help instill basic democratic values into the military and civilian leadership. Burkina's successful transition to full democracy will make it a more viable partner for U.S. initiatives that promote regional stability and economic development in Africa.

Burkina Faso faces critical health threats from Malaria and HIV/AIDS. Regional Child Survival and Disease Fund (CSD) programs will address these issues. Peace Corps programs at the grassroots level promote health awareness and sound community health practices.

BURUNDI
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	--	--	70

National Interests:

The priority U.S. national interest in Burundi is the protection of U.S. citizens, followed by promotion of democracy and human rights and humanitarian assistance. There has been civil war in Burundi since October 1993 when Melchoir Ndadaye, Burundi's first democratically elected president, was assassinated. As the country continues to be wracked by conflict, the United States actively supports a national reconciliation process and provides humanitarian assistance to ease the suffering of the Burundian people.

Objectives and Justification:

Applying diplomacy and Economic Support Funds (ESF) from the Great Lakes Justice Initiative, the United States is promoting a negotiated resolution to Burundi's political problems through the Arusha peace talks. An Arusha agreement should represent the interests of a broad range of Burundians, create an accepted institutional framework for establishing a just, stable order based on constitutional and democratic values, guarantee the human rights of all people within Burundi, and conclude a cease-fire between the rebels and the government. The agreement should also include reform of the army and the justice system. Great Lakes Justice Initiative funds are also used to support and foster greater justice at the community level, reconciliation, economic empowerment and inclusion, and women's empowerment.

The appointment of Nelson Mandela as facilitator for the Arusha negotiations has reinvigorated the Burundi peace negotiations and led to a belief that a framework agreement will be in place within a year. Once political and security events in the country have evolved, the United States should be prepared to begin a small program to assist the military in reform efforts. The FY 2001 International Military Education and Training (IMET) program, which would be implemented in consultation with Congress, could include an orientation tour for high-level military, civil-military relations, military justice training, and some English language labs. Such a program would serve to bolster preparations for continued positive evolution in Burundi under an Arusha agreement.

CAMEROON
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	184	150	160

National Interests:

The primary U.S. national interest in Cameroon is promoting democracy and respect for human rights. Other U.S. interests in Cameroon include economic prosperity and global issues. Cameroon has yet to make a transition through transparent and credible elections into a democratic, law-based, non-corrupt, pluralistic community, functioning on market principles and integrated into the world economy.

As a relatively peaceful and stable country in central Africa, Cameroon should be encouraged to use its role as the leading sub-regional economic power to promote regional stability and reduce degradation of the Central African rain forest.

Objectives and Justification:

The United States promotes a democratic transition and respect for human rights in Cameroon through a mix of diplomacy and small grants from the regional Democracy and Human Rights Fund. Cameroon's military plays an important role by supporting regional peacekeeping initiatives and promoting the peaceful resolution of border disputes with neighboring countries, particularly in the case of the Bakassi peninsula and the Equatoguinean/Nigerian maritime border.

Moreover, the military is crucial to participation and cooperation in enforcing international covenants on refugees and war criminals. A neutral Cameroonian military, subordinate to civilian rule, is also essential to additional political and economic reforms.

International Military Education and Training (IMET) funds provide continued support to the Cameroonian military, encouraging good military-to-military relationships and increased understanding of the constructive role the military can play in promoting civilian programs. Cameroon's political stability, strategic location and excellent airport facilities make it ideal as a staging area for humanitarian interventions in the region, and IMET funds help assure good access to Cameroonian air and port facilities.

IMET funds also provide the U.S. leverage in encouraging the Cameroonians to appropriately handle cases involving refugees and war criminals. FY 2001 IMET funds will be used for professional military development classes, focusing on appropriate resource management and civilian/military relations and fostering closer military-to-

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military ties through the English language and U.S. cultural aspects of the IMET programs.

Cameroon will also be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. EDA material will support Cameroon's internal security, counter-drug, and continuing professionalization and modernization efforts.

CAPE VERDE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	70	100	100

National Interests:

Democracy is firmly rooted in Cape Verde, but fostering the country's democratic institutions continues to be a principal U.S. national interest. Assisting Cape Verde to better monitor its territorial waters serves multiple national interests, including law enforcement through improved capability to interdict drug shipments and protection of the environment through better management of fish stocks.

Objectives and Justification:

In its twenty-five years of independence, Cape Verde has been free of internal and external conflict and its military has consistently played a constructive role in civil society. In FY 1999, \$70,000 in International Military Education and Training (IMET) funding provided officer development training programs, a low-cost investment to help ensure the continued professionalism of Cape Verde's military under civilian, democratic leadership. In addition, IMET supported training for the Cape Verdean military to enhance English language capabilities, necessary for effective international cooperation on matters such as maritime patrols. FY 2001 IMET funds would allow a modest expansion of this highly effective program to multiply its effects through a greater number of participants. Cape Verde will also be eligible to receive grant Excess Defense Articles (EDA) in FY 2001 under Section 516 of the Foreign Assistance Act. Cape Verde is interested in an EDA transfer of naval patrol boats to enhance the country's ability to protect its fisheries.

CENTRAL AFRICAN REPUBLIC (CAR)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	101	90	100

National Interests:

The principal U.S. interests in the Central African Republic (CAR) are democracy and humanitarian assistance. The United States supports international efforts to maintain peace in the CAR, and hence, in the region. The United States also encourages the implementation of economic, political and military reforms in the CAR that will prevent a recurrence of the military mutinies and civil strife of 1996 and 1997. Other U.S. interests are promotion of respect for human rights and attention to environmental concerns.

Objectives and Justification:

The CAR has suffered great upheaval in the last four years, caused largely by government mismanagement and serious arrears in military and Civil Service salaries. These salary arrears, as well as inequities in treatment among the various parts of the armed forces, provoked a series of mutinies in CAR in 1996 and 1997. International peacekeepers guaranteed security in the CAR from 1997 to February 15, 2000, at which time local military and police forces took on their security responsibilities. The CAR armed forces must be restructured and demobilized. The ability of armed forces personnel to accept and understand the military's role under a civilian government and to promote respect for human rights and democratic principles will be key to the success of the post-peacekeeping transition.

The CAR held a credible presidential election in 1999 that has contributed to political stability. The United States supports CAR's democratic development and promotes consensual and collaborative governance through grants from the Democracy and Human Rights Fund and through Regional Democracy ESF.

FY 2001 International Military Education and Training (IMET) funds will be used to promote basic democratic values and respect for human rights in the CAR armed forces. Specifically, IMET funds will be used for English language training, professional military education, and courses on appropriate civil/military relations. An added benefit of IMET training will be the chance for U.S. officials to encourage the CAR military to promote regional stability by not getting involved in conflicts in neighboring Democratic Republic of Congo.

CHAD
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	732	633	600
IMET	87	50	75

National Interests:

The primary U.S. interest in Chad is promoting democracy and respect for human rights. Additional interests include economic prosperity, related to U.S. oil investments, and U.S. national security, which we pursue by combating anti-U.S. influences in the region and by promoting Chad's democratic and economic development.

Objectives and Justification:

Occupying a strategic position at a historic crossroads, Chad is particularly vulnerable to rogue state neighbors Libya and Sudan. U.S. assistance provides a counterbalance by promoting a stable and democratic society able to constructively contribute to regional conflict resolution. U.S. interest in Chad's economic development is spurred in part by possibilities for U.S. firms' involvement in extracting and transporting oil reserves from southern Chad, and by international interest in assuring that oil revenues are used for poverty alleviation. Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) demining funds will also enhance the ability of rural populations to farm and graze their herds.

Restructured within the last five years, the Chadian armed forces have a key role to play in resolving armed conflicts within Chad as well as in the region, where they have participated in several peacekeeping operations. Democratic rule and civilian control and direction of the armed forces is crucial to Chad's (and the region's) future stability. Chad will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Chad's demining efforts and assist in countering the insurgency in the north.

The United States supports Chad's democratic development through grants from the Democracy and Human Rights Fund and through ESF from the Africa Regional Democracy Fund. U.S. support for a democratic Chadian military, respectful of human rights, will be provided through the use of FY 2001 International Military Education and Training (IMET) funds, which will provide training on rule of law and human rights issues. The IMET program addresses the key objective of promoting democracy, and enables U.S. trainers to build important military-to-military contacts that help combat anti-U.S. influence in Chad and serve as a basis for future international peacekeeping efforts in the region.

REPUBLIC OF THE CONGO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	--	--	75

National Interests:

The key U.S. national interest in the Congo is humanitarian. Other U.S. interests include democracy and economic prosperity. Civil strife has visited Congo three times in the past decade and, especially since August 1998, has killed thousands and brutalized and displaced from their homes many hundreds of thousands, creating a humanitarian disaster.

Objectives and Justification:

The priority objective of the United States in Congo is to promote stability both there and in the region. Within Congo, the United States supports recent moves by the government and opposition to end their warfare and to pursue political negotiations, with the ultimate goal of the restoration of democracy and rule of law through broad-based national reconciliation, and free, fair, and transparent elections. The United States also encourages Congo's continued neutrality in the war in the Democratic Republic of Congo and in other potentially destabilizing regional conflicts. We will continue to promote and seek the protection of U.S. economic interests in the country, especially in the oil industry.

Hostilities have effectively ended. The belligerents have signed peace accords and are implementing them, and the military leadership has pledged to restructure the army and to establish a military justice system for the first time. Congo-Brazzaville armed forces require improved understanding of civil-military relations and training in military justice and human rights, which would support the humanitarian interests and the rule of law in the Congo.

International Military Education and Training (IMET) funds can, through the establishment of an English language lab, prepare Congo-Brazzaville military personnel for future training opportunities, such as in military justice and human rights. This would facilitate military-to-military contact and the establishment of beneficial relations and defense cooperation between the militaries of the Congo and the U.S. FY 2001 IMET programs at both officer and non-commissioned officer levels would help in strengthening democracy-friendly institutions, such as civilian control of the military and government, and increased respect for human rights and the rule of law. It would also enhance the professional capability of the Congolese armed forces.

COTE D'IVOIRE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	189	150	100

National Interests:

The primary U.S. interests in Cote d'Ivoire are democracy, law enforcement, humanitarian assistance, global issues and protecting American citizens. Cote d'Ivoire has promoted regional stability through diplomatic efforts and participation in regional peacekeeping activities, and remains an important country with regard to U.S. investment in the oil and natural gas sectors. Cote d'Ivoire's democratic transition was set back by a December 1999 coup. The military junta has announced plans to conduct a democratic election by October. The U.S. focus is now on promoting the restoration of civilian rule through a credible electoral process. Once civilian rule is restored, the U.S. will again focus on supporting the Ivorian role in regional stability and on enhancing Cote d'Ivoire's economic growth, as well as cooperation with Cote d'Ivoire's in addressing global issues, such as HIV/AIDS, population, transnational crime and terrorism.

Objectives and Justification:

With the third largest economy in sub-Saharan Africa and a history of relative political stability, Cote d'Ivoire has played a key role in regional stability. It has hosted refugees from Liberia and other conflicts, and contributed to Sierra Leone's peace negotiations. In that context, the Ivorian Armed Forces have been key members in ACRI as we have worked towards strengthening the region's ability to respond to crises. USAID does not have a bilateral aid program in Cote d'Ivoire, although several regional programs (including USAID population, HIV/AIDS and Food for Peace) have been active.

The United States has promoted a democratic transition in Cote d'Ivoire through diplomacy, visitor and exchange programs, and grants from the regional Democracy and Human Rights Fund and Africa Regional Democracy Economic Support Funds (ESF).

The December 24, 1999 coup has placed the country under Section 508 sanctions and U.S. regional and bilateral assistance has been suspended, including the International Military Education and Training (IMET) program. The projected FY 2000 estimate and FY 2001 requests are contingent upon a successful return to democratic government. The IMET funds would be used for professionalization and increased awareness of subordination to civilian rule and respect for human rights in the Ivorian military in order to consolidate this key African partner's return to democracy. Cote d'Ivoire will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under

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Section 516 of the Foreign Assistance Act of 1961, as amended. Assuming a return to democracy, grant EDA can be provided to support peacekeeping activities.

Cote d'Ivoire's Atlantic Ocean coast and role as a regional economic and refugee hub make it vulnerable as a transshipment point for international narcotics trafficking and criminal activity. Once Cote d'Ivoire returns to civilian rule, the United States will renew efforts to promote rule of law through regional International Narcotics Control and Law Enforcement (INCLE) funds.

DEMOCRATIC REPUBLIC OF CONGO (DROC)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	4,614	8,980	9,786
DA	2,500	830	3,100
IMET	--	40	75

National Interests:

Humanitarian response is the most significant U.S. interest in the Democratic Republic of the Congo (DROC), closely followed by concerns with democratic reform, protection of American citizens, and global issues, including promoting health and preserving the environment. The DROC conflict threatens regional stability, exacerbates the country's humanitarian crises, retards progress on political and economic reform, and increases risks to U.S. citizens. Once economic development recommences and there is effective government control over DROC territory, U.S. businesses will seek to increase U.S. investments in, and exports to, the region.

Objectives and Justification:

The United States has worked with the international community to pursue a negotiated end to civil conflict and a transition to democratic rule in DROC. In July and August 1999, Congo and its allies, Angola, Namibia and Zimbabwe and the rebel groups and their allies, Rwanda and Uganda, signed the Lusaka Agreement. Implementation of the Agreement has been slow, and sporadic clashes continue. However, the United States and others have continuously urged the parties to the conflict, as well as others in the region, to respect the Lusaka cease-fire, withdraw foreign forces from Congolese territory and establish an inter-Congolese National Dialogue. In January 2000, during the U.S. Presidency of the United Nations Security Council, the Heads of State of seven African countries involved in the conflict came to New York and reconfirmed their commitments to support the Lusaka peace process. On February 24, the UN Security Council authorized the second phase of its UN peace-keeping mission in the Congo.

In support of efforts to ensure national and regional reconciliation, FY 2001 Contributions for International Peacekeeping Activities (CIPA) funds will be used to pay the U.S. share of the UN observer mission in the DROC, which provides advice and assistance as the UN works with parties to the Lusaka Accords in peacekeeping-related activities. The budget proposal for FY 2001 provides for the next phase of implementation of peacekeeping with troops and military observers. The Democratic Republic of the Congo may be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Upon resolution of the current conflict in the DROC, grant EDA would

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support efforts to rebuild and professionalize the military following years of internal strife, and assist with maintaining internal security.

Funds allocated to DROC from the Development Assistance (DA) account initially focused on democracy and governance and economic growth (\$2,500,000 in DA funds in FY 1999). However, \$830,000 in FY 2000 funds allocated to the country are being devoted to environmental protection, as well. FY 2001 DA funds will be programmed in consultation with Congress, depending upon DROC's progress toward democratic rule. FY 2001 Child Survival and Diseases (CSD) funds will continue to be programmed through non-governmental channels to promote child survival, provide basic health programs, and to decrease polio, HIV/AIDS, and other infectious diseases.

DJIBOUTI
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	--	300	800
IMET	123	100	125

National Interests:

Primary U.S. interests in Djibouti are humanitarian assistance, democracy and law enforcement. Strategic objectives of the U.S. are at stake in Djibouti because of the country's key position, on the crossroads between Ethiopia, Eritrea and Somalia. The conflict between Ethiopia and Eritrea threatens regional stability and the security of Djibouti. Djibouti is already involved, though not yet fully consumed, in the year-old conflict, considered the bloodiest war currently taking place in the world. It has opened its port to Ethiopian military imports and severed diplomatic ties with Eritrea.

Objectives and Justification:

The fundamental U.S. goal in the near term in Djibouti is to limit the spread of the Ethiopia/Eritrea conflict. Using small grants from the Democracy and Human Rights Fund and possibly ESF from the Africa Regional Democracy Fund, the United States is also pressing the development of democratic institutions in Djibouti, which held a free and fair election in 1999, as a bulwark against militant fundamentalist expansion and subversion. From Djibouti, the United States will also attempt to influence political reconciliation in Somalia.

Another important U.S. goal is to retain access to Djibouti's military facilities. U.S. CENTCOM uses Djibouti facilities as alternative logistic sites. Access expands U.S. military planners options when preparing for crises in the Gulf, Horn of Africa or the Indian Ocean. To maintain bilateral military relations, the U.S. will continue the International Military Education and Training (IMET) program in FY 2001 in order to promote professionalism and respect for civilian rule. Djibouti will be eligible to receive grant Excess Defense Articles (EDA) in FY 2001 under Section 516 of the Foreign Assistance Act. The transfer of EDA such as vehicles, radios and field equipment will encourage and support the development of Djiboutian peacekeeping capabilities.

To promote economic development in rural areas and U.S. humanitarian interests, support from FY 2001 Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) regional demining programs will help eliminate the scourge of landmines left from Djibouti's civil conflict, Ethiopia's civil war and from the Ethiopian-Eritrean conflict.

ERITREA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	5,010	4,133	4,662
DA	4,990	4,694	4,642
NADR	--	1,117	1,000
IMET	439	305	345

National Interests:

The United States seeks to promote Eritrea's development as a stable, democratic, market-oriented nation. Our most immediate task is to resolve the border conflict between Eritrea and Ethiopia. Once Eritrea and Ethiopia are at peace, Eritrea will return to its role as a critical player in maintaining regional stability in the Horn of Africa, a key U.S. objective.

Objectives and Justification:

Eritrean internal stability is pursued through promoting democratization, sustainable economic development and education. FY 2001 Development Assistance (DA) programs to promote democratization and good governance projects at the University of Asmara encourage Eritrea's development towards becoming a full-fledged participatory democracy.

Eritrea's long term political stability is closely linked to economic prosperity, and Eritrea is among the world's ten poorest nations. For Eritrea to achieve economic prosperity will require significant economic reform, including privatization, to foster long-term sustainable economic growth. FY 2001 DA programs in capacity development, agriculture and rural enterprise will act as catalysts for broad-based economic growth. FY 2001 DA will also contribute to modest population and environment programs. FY 2001 CSD will be programmed in Eritrea to enhance child survival and combat infectious diseases, including HIV/AIDS.

Eritrea is a key player in maintaining regional stability in the Horn of Africa, an important U.S. objective. Eritrea is still setting up its democratic institutions. FY 2001 IMET training will continue to be critical to building a professional Eritrean military sensitive to the separation between civilian and military authority and committed to democracy. Having such a military is important for Eritrea to effectively carry out its role as a guarantor of regional stability in the Horn of Africa. Funds from the FY 2001 Contributions for International Peacekeeping Activities (CIPA) account will be used in Eritrea and Ethiopia once the border conflict is resolved.

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Continued humanitarian demining assistance to Eritrea is vital for humanitarian reasons, as well as to strengthen our bilateral relationship. Approximately 500,000 to one million mines were planted during Eritrea's thirty-year independence war and its recent conflict with Ethiopia. These unexploded mines maim and kill large numbers, including many children, every year, curtailing rural farming. FY 2001 Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) demining programs will help Eritrea to make headway in its demining efforts and landmine awareness.

Eritrea will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Upon resolution of the border dispute, EDA vehicles, radios, engineer equipment and similar items will enhance peacekeeping operations and counter threats from Sudan.

ETHIOPIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	25,965	26,299	24,724
DA	13,950	11,439	15,694
IMET	516	385	400
NADR	--	1,117	1,000

National Interests:

Primary U.S. interests in Ethiopia include democracy, humanitarian assistance, and global issues. Transforming the Ethiopian military into a professional, apolitical modern force remains important, despite constraints of the ongoing border conflict between Ethiopia and Eritrea. The government of Ethiopia remains committed to democracy and market-based reforms, although earlier progress has slowed owing to the border conflict.

Objectives and Justification:

The Horn of Africa is a turbulent region characterized by terrorism and civil war in Sudan, and a fertile environment for terrorism and international criminal activity in Somalia. Ethiopia's internal stability and strategic position as the most populous nation in the region are critical factors in the stability of the Horn as a whole.

As a keystone nation for U.S. interests in the Horn, Ethiopia anchors regional organizations and programs such as the Intergovernmental Authority on Development (IGAD), the Greater Horn of Africa Initiative (GHAI), the World Bank's Nile Basin Initiative, and the Organization for African Unity (OAU). Continuing U.S. support for these organizations and activities will improve prospects for stability throughout the greater Horn, reduce adverse effects of the Ethiopia/Eritrea border conflict, and promote regional and Ethiopian economic development and democratization.

Funds from the FY 2001 Contributions for International Peacekeeping Activities (CIPA) account will be used in Eritrea and Ethiopia once the border conflict is resolved. FY 2001 International Military Education and Training (IMET) will assist in increasing the professionalism of the Ethiopian military and in strengthening U.S.-Ethiopia military cooperation. Ethiopia will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Upon resolution of the border dispute, EDA vehicles, radios, engineer equipment, and similar items will enhance Ethiopia's capability to join international peacekeeping operations and counter threats from Sudan. The USG will also re-engage Ethiopian participation in the African Crisis Response Initiative.

FY 2001 Development Assistance (DA) will support sustained economic growth essential if Ethiopia is to maintain internal stability and be a stabilizing influence in the Horn through agricultural programs and reforms to enable private sector growth. PL 480 programs will assist micro-enterprise development at the community level. The Embassy Commercial Office encourages economic liberalization and development through commercial contacts with the U.S. private sector within its export promotion program.

Facing both unresolved conflict with Eritrea and serious ongoing issues after it concludes, Ethiopia continues to need support for basic institutions of democracy to help the transformation to enduring democracy. Increased support from FY 2001 DA and for other U.S. partnerships and exchanges is critical as Ethiopia moves forward to its second democratic general election in May 2000. Support from FY 2001 Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) will help eliminate the scourge of landmines left from Ethiopia's civil war and from the conflict with Eritrea once a peace accord is reached. PL 480 programs facilitated by USAID (agricultural production, marketing and research and micro-enterprise) will target households in chronically food insecure areas to help alleviate some of the root causes, addressing needs exacerbated by the Ethiopia/Eritrea conflict and by drought.

Nile water conservation and distribution and other aspects of U.S. environmental policy depend on continued engagement and support for institutional strengthening within ministries and agencies on the part of the Embassy, USAID and the Regional Environment Office for East Africa, based at Embassy Addis Ababa. FY 2001 DA population programs will continue to assist family planning to slow Ethiopia's population growth. FY 2001 child survival and diseases (CSD) programs and Embassy efforts will support child survival and combat infectious diseases, with special emphasis on HIV/AIDS (the adult infection rate in Ethiopia is estimated at 7.5 percent). CSD basic education programs will continue to contribute to sustainable economic growth in Ethiopia by improving human capacity.

GABON
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	--	50	75

National Interests:

The key U.S. national interests in Gabon are democracy, the protection of American citizens, and economic prosperity, based on growing U.S. oil interests. Gabon has yet to hold a national democratic election without substantial organizational difficulties and other irregularities. We have enjoyed, however, important cooperation with Gabon in promoting regional stability and safety for U.S. citizens.

Objectives and Justification:

The United States seeks to strengthen Gabon's democratic institutions through diplomacy and grants to civil society from the Democracy and Human Rights Fund. We also aim to promote Gabon's involvement in regional mediation efforts and in peacekeeping operations that support regional stability. We seek to perpetuate the willingness of Gabon to serve as a base for evacuating American citizens from dangerous situations in the region, as it has done in the past. The United States is also encouraging Gabon to reform and diversify its economy in order to benefit sectors of society currently on the margins, as well as opening doors to U.S. investment and exports.

Close military cooperation fosters our reliance on Gabon as a refuge and a staging area for regional evacuations. A strong U.S.-Gabonese relationship also enhances Gabon's peacekeeping capacity and strengthens civilian control of the military, which could be strained by a downturn in the economy or an increase in political uncertainty. Gabon will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Gabon's peacekeeping contributions and its apolitical military. The FY 2001 International Military Education and Training (IMET) program will, through its English language programs (including refurbishing an English language lab) and opportunities for greater contact with the U.S. military, increase understanding and defense cooperation between the U.S. and Gabon.

GHANA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	16,698	15,720	15,270
DA	23,173	19,981	20,867
IMET	391	400	425

National Interests:

The United States seeks to support Ghana's efforts to foster democracy and to promote peace and economic growth in West Africa. Ghana's favorable economic climate makes it a substantial market for U.S. exports and a preferred location for U.S. investment in sub-Saharan Africa. Ghana will continue to be an effective partner if its democratic institutions are strong and its socio-economic conditions provide an environment that encourages growth and investment. U.S. Government policy in Ghana focuses on the national interests of promoting democracy, economic prosperity, and the global issues of environment and health.

Objectives and Justification:

Through programs supported by Child Survival and Disease (CSD) funding, the United States supports activities that strengthen the ability of Ghanaian parents and communities to improve the quality of education in their primary schools. In addition to the direct benefit to the educational system, this program supports democratic reform by promoting decentralization through policy discussion and district-level training, and increasing access to education in all parts of the country. CSD funds also support improved immunization coverage and availability and use of oral rehydration therapy, among other child health initiatives. Training of health professionals in family planning and counseling skills is another CSD activity. Programs to reduce the rate of HIV transmission include training of health workers, strengthening laboratory support and surveillance, and active promotion of condoms. In FY 2001, CSD funding will be used to continue these programs aimed at improving health and education in Ghana.

Ghana requires U.S. assistance to bolster democratic institutions, expand the country's telecommunications infrastructure and electrical generation capabilities, and to increase family incomes. Among activities funded from Development Assistance (DA), preparations for parliamentary and presidential elections in December 2000 are among the highest priorities, as the departure of President Rawlings will provide a significant test of the strength of Ghana's democratic institutions. DA funding will also support technical assistance for the West African Gas Pipeline, a project which will transport natural gas currently flared off in Nigeria to Ghana where it will be used in the production of electricity. Projects to help diversify Ghana's economy through increased

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production and marketing of non-traditional exports will help the country better withstand crises arising from dramatic changes in the prices of the principal exports of gold and cocoa. The development of tourism through the rehabilitation of historical sites such as former slave castles and the creation of environmentally-friendly facilities that allow visitors to observe the rainforest ecosystem at Kakum National Park create new types of sustained employment and further diversify the Ghanaian economy. Projects aimed at modernizing and improving food production, including efforts to increase exports by increasing crop outputs and ensuring foodstuffs meet export labeling and quality standards, help increase family incomes for the large percentage of the population employed in agriculture. In FY 2001, DA funding will continue to support these and similar efforts aimed at promoting democracy and sustainable economic growth.

Ghana will be eligible in FY 2001 to receive grant EDA under Section 516 of the Foreign Assistance Act. Ghana has long contributed forces to peacekeeping efforts world-wide, and EDA such as vehicles, radios, field equipment and clothing will help the country to participate in peacekeeping operations. International Military Education and Training (IMET) funding reinforced the ability of the Ghana Armed Forces to contribute to peacekeeping efforts in the region and beyond, and to play a constructive role in the development of Ghana as a democratic society. In concert with activities funded under other programs, IMET also guided the Ghanaian military to play a key role in the country's development through civic action and humanitarian assistance projects. In FY 2001, IMET programs will enhance Ghana's capabilities as an effective participant in peacekeeping operations. Training conducted under the African Crisis Response Initiative (ACRI) and IMET funding in FY 2001 will ensure the continuity of these programs.

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GUINEA (\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	7,986	9,930	9,600
DA	9,175	8,634	13,075
IMET	167	150	175

National Interests:

The primary U.S. national interest in Guinea is humanitarian. Other U.S. interests include democracy and global issues. Guinea plays a key role in furthering regional stability in West Africa. Humane treatment of refugees is a key U.S. policy objective for which Guinea has provided admirable support. Guinea's military contributes to regional security operations, supporting U.S. efforts to ensure regional stability.

Objectives and Justification:

Guinea is providing refuge to more than one-half million refugees fleeing violence in neighboring countries of Liberia, Sierra Leone and Guinea-Bissau. One out of every seven persons in Guinea is a refugee. Peace Corps volunteers work with refugees to assist them with readjustment and repatriation at the appropriate time. FY 2001 Development Assistance (DA) is needed to address needs of economic growth, agriculture, and restoration of environmentally damaged areas as well as democracy and governance.

With low levels of child survival and basic education, Guinea also faces critical health care threats from malaria and HIV/AIDS. FY 2001 Child Survival & Diseases Fund (CSD) programs will continue to address these issues. USAID and Peace Corp work with residents of refugee camps and develop education and health training programs in the border area. USAID programs to improve access to health facilities further the fight against both diseases.

FY 2001 International Military Education and Training (IMET) and training seminars on civil-military relations and on the role of the military in a democracy will help reinforce the military's role as an institution subordinate to the democratic civilian government. In addition, it will increase the ability of the military and civilian leaders to maintain democratic values and protect internationally recognized human rights. Guinea will be eligible in FY 2001 to receive grant EDA under Section 516 of the Foreign Assistance Act. EDA geared to support of the Navy, in the way of spare parts and communications equipment for the four patrol boats previously supplied by the U.S., and personal equipment and clothing for Guinea's small army will help professionalize the Guinean military and sustain it as an apolitical force.

GUINEA-BISSAU
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	--	300	500
IMET	--	50	50

National Interests:

Two major national interests, humanitarian response and democracy and human rights, guide U.S. programs in Guinea-Bissau. Re-emerging as a democratic society following eleven months of internal conflict, the country faces the challenge of reconstruction, including the need for significant demining efforts, with very limited government resources.

Objectives and Justification:

The United States will continue to promote democratic stability in Guinea-Bissau through a mix of diplomacy and small grants from the Democracy and Human Rights Fund.

Guinea-Bissau did not receive any International Military Education and Training (IMET) funding in FY 1999. A modest reintroduction of the IMET program during FY 2000 will encourage the efforts of the military leadership and the country's civilian, democratic government to trim the size of the military and to return the military to its traditionally constructive role through civic action and humanitarian projects. IMET can also provide technical training complementary to demining activities funded from the FY 2001 regional Non-Proliferation, Antiterrorism, Demining and Related Activities (NADR) program. In addition, IMET training will reinforce efforts at military cooperation between Guinea-Bissau and neighboring countries so as to reduce border tensions and enhance regional stability.

FY 2001 IMET will support the continuation of these programs. Guinea-Bissau will also be eligible to receive grant Excess Defense Articles (EDA) in FY 2001 under Section 516 of the Foreign Assistance Act. Such support will enhance the ability of the Guinea-Bissau military to locate and remove landmines, and help the Government of Guinea-Bissau to restructure and professionalize its military.

KENYA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	7,850	8,350	9,300
DA	12,600	20,003	22,589
ESF	37,000	--	--
IMET	462	400	425

National Interests:

The primary U.S. interest in Kenya is democracy, with humanitarian interests playing a key role. Kenya is the principal point of access for U.S. military and relief operations in the strategic Horn of Africa, including Sudan and the Great Lakes region. The United States also works closely with the Kenyan government in mediating conflicts, and with Kenyan civil society in implementing the Greater Horn of Africa Initiative (GHAI). The traditionally apolitical Kenyan military has participated in a number of international peacekeeping operations. Kenya's continued stability depends on strong sustainable, broad-based economic growth, further expansion of Kenya's democratic space, and respect for human rights. The United States is also working to build capacity to address future disasters, such as the 1998 terrorist bombing.

Objectives and Justification:

The United States promotes democracy in Kenya through several avenues. In addition to diplomatic efforts, FY 2001 USAID Development Fund for Africa (DFA) democracy programs, public diplomacy programs, and the regional Democracy and Human Rights Fund encourage constitutional and other reforms to promote a more open political process and the rule of law. These programs also strengthen civic institutions and an independent media to advance Kenya's transition to a multiparty democracy. Economic development will prove key to the success of democracy. Kenya was selected as the first country to participate in open skies negotiations, which will strengthen aviation ties with the United States and improve Kenya's business, trade and tourism capacities. FY 2001 DA programs will also encourage continued economic reform and better governance, including anti-corruption efforts, and will support family planning and raise awareness of the economic implications of continued high population growth rates. PL 480 and Peace Corps will continue to encourage increased food security through assistance to small-holder agriculture.

Kenya has in the past led regional efforts to preserve bio-diversity. FY 2001 DFA programs will also raise awareness regarding effective natural resource management and support Kenya's bio-diversity efforts. FY 2001 Child Survival and Diseases (CSD) programs will assist with HIV/AIDS prevention and basic health services. The Peace

Sub-Saharan Africa

Corps is coordinating its environmental and health programs with USAID mission activities.

FY 2001 International Military Education and Training (IMET) programs will strengthen U.S.- Kenyan military cooperation and assist in maintaining the professionalism of Kenya's military and its commitment to civilian rule, essential to Kenya's role as a stabilizing force in the Horn of Africa. This program is complemented by diplomatic efforts to support regional stability by maintaining access to Kenyan seaports and airports for humanitarian and military purposes. The United States also encourages Kenya to pursue its mediation of the Sudan and other regional crises, and uses IMET to enhance Kenya's ability to participate in international peacekeeping operations.

Kenya will be eligible to receive grant Excess Defense Articles (EDA) in FY 2001 under Section 516 of the Foreign Assistance Act. EDA such as F-5 engines and spare parts, vehicles, radios, and individual equipment will enhance Kenya's military capability to participate in international and regional peacekeeping operations. Kenyan soldiers are supporting United Nations peacekeeping operations in Sierra Leone and East Timor. Bilateral discussions began in early 2000 to determine how best to implement an African Crisis Response Initiative (ACRI) program to enhance Kenyan capacities to engage in peacekeeping and related humanitarian operations.

Finally, the United States will continue to support Kenya's antiterrorism efforts through Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) Anti-Terrorism Assistance (ATA) programs.

LESOTHO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	74	75	85

National Interests:

The priority U.S. interests in Lesotho are democracy and humanitarian assistance. Our national interests are best served by helping Lesotho, which has suffered problems with military subordination to civilian rule, to become a stable democracy -- one which will not hamper the historic transition underway in neighboring South Africa.

Objectives and Justification:

Our primary objective is to support the consolidation of democracy in Lesotho. The United States provides small grants from the regional Democracy and Human Rights Fund and the Regional Democracy Economic Support Funds (ESF) to advance the strategic objective of democracy by supporting civil society initiatives related to voter education and democratic practices. For example, ESF regional funds support projects that help prepare for the 2000 elections and provide technical assistance to civilian leadership in charge of reforming the national security services and training for members of the Interim Political Authority.

A professional, apolitical military is absolutely key to establishing Lesotho as a stable democracy. The FY 2001 International Military Education and Training (IMET) program will fund education of Lesotho security personnel that emphasize leadership, managerial skills, civil/military relations, and respect for human rights. A portion of the IMET funds will advance another strategic goal, humanitarian assistance. As in past years, IMET funds will also be used to support training for the Lesotho Defense Force (LDF), the Disaster Management Agency, and the Ministry of Health in the areas of disaster planning, management, and response. Through emergency exercise simulations and similar training, the capacity of these institutions to respond to humanitarian emergencies will be strengthened.

LIBERIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	2,771	1,802	1,850
DA	5,000	4,890	7,822
IMET	--	--	75

National Interests:

Democracy is the primary U.S. interest served in Liberia. Since 1997, as humanitarian assistance has declined, we have increasingly promoted democratic institutions, human rights and the rule of law as well as the development of an open, market-oriented economy that welcomes foreign investment and private initiative. A successful transition of Liberian society to a functioning democracy will assist our efforts to promote democratization, regional stability and sustainable development.

Objectives and Justification:

Liberia is still recovering from a devastating seven-year civil war, which ended in 1996. The poor human rights record of the Government elected in 1997, an attack on opposition figures by Government security forces outside Embassy Monrovia in 1998 (in which two American contract employees were wounded), and the Government's support of rebels in the Sierra Leone civil war all have put a strain on Liberia's relationship with the international community. A November 1999 World Bank-led Multi-Donors' Assessment Mission, and an International Monetary Fund Mission that followed, have given the international community hope that the Government is committed to economic reform. Progress had been made in the health, education and agricultural sectors. In FY 1999 and FY 2000, Liberia received Development Assistance (DA) to address needs in the areas of Economic Growth (including vocational training and skills literacy), Agriculture, and Democracy and Governance. FY 2001 DFA programs will address the same broad spectrum of needs.

Liberia has low child survival rates and faces critical health care threats from malaria, diarrheal diseases and HIV/AIDS. FY 2001 Child Survival & Diseases Fund (CSD) programs will continue to address these issues. USAID supports the Government's efforts to develop a community-based approach to maternal and child health services delivery, to strengthen and support the county health teams, and to link community efforts to health services through an extensive referral and feedback system. USAID programs through international NGOs will strengthen the capacity of Liberian non-governmental organizations to provide immunizations, nutrition and growth monitoring, maternal and child health care, curative care, and health education focused on malaria, diarrheal disease control and HIV/AIDS education.

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FY 2001 International Military Education and Training (IMET) seminars on the military in a democracy will help reinforce the military's role as an institution subordinate to, and supportive of, the democratic civilian government. IMET will also help develop a professional, non-political, ethnically balanced and well-trained military force, contributing to Liberia's stability.

MADAGASCAR
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	4,001	4,200	4,200
DA	11,925	12,116	16,913
IMET	115	100	125

National Interests:

The primary U.S. interest in Madagascar is democracy, followed by humanitarian interests and global issues. Madagascar completed a transition from over 15 years of socialist dictatorship to a multiparty democracy in 1993, but democratic institutions and civil society are still weak. U.S. efforts in Madagascar focus on promoting democracy, consolidating economic reforms so that stability is ensured, and protecting Madagascar's biologically diverse flora and fauna.

Objectives and Justification:

Our strategy for consolidating democracy includes enhancing the professionalism of the Malagasy military force through International Military Education and Training (IMET) programs. FY2001 IMET courses will reinforce respect for human rights and the rule of law and provide guidance in the administration of military justice systems and the role of the military in a democratic society. Madagascar will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Madagascar's counter-drug maritime activities, coastal security, and enhance our bilateral military relations. The military's "Development Forces" work actively among the civilian population, providing health services in rural areas. In 1998, Madagascar's government put the anti-locust campaign under the Minister of Armed Forces, forming a national coordinating committee (CNLA) headed by a Brigadier General.

Madagascar has proven relatively stable both politically and economically. Commercial law reform moved ahead and private investment continues to grow. FY 2001 USAID Development Assistance (DA) will foster economic policy reforms and agricultural development. Peace Corps and PL 480 II programs will also contribute to sustainable economic development in rural communities. DA funding will also be available for promoting democracy. U.S. public diplomacy programs, along with grants from the regional Democracy and Human Rights Fund, will complement USAID in programming resources for the consolidation of democratic institutions.

A portion of Madagascar's DA funding will be programmed to protect the environment. USAID and Peace Corps environmental programs will assist Madagascar

Sub-Saharan Africa

to guard its precious and rare biodiversity, and to implement sustainable and responsible natural resource management, particularly forest management. With USAID's assistance, Madagascar's government has increased protection of endangered species and forested areas. In addition, an institutional framework for regional environmental assessments was piloted in 1998 to allow the Office of the Environment to provide better information and advice on the implications of policy and planning decisions.

DA funded population programs in Madagascar will raise awareness of and provide assistance for family planning. FY 2001 child survival and diseases funds (CSD) will be used for polio and HIV/AIDS prevention and child survival. Peace Corps programs will be coordinated with USAID programs in combating HIV/AIDS and promoting child survival through community and national programs.

MALAWI
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	9,924	10,675	11,464
DA	23,161	19,054	17,737
IMET	343	335	350

National Interests:

The primary U.S. interests in Malawi are democracy and humanitarian assistance. After Malawi's second national elections in 1999, the top U.S. priority is continuing the consolidation of a multi-party democratic political system. A democratic Malawi achieving economic growth through sustainable development policies would contribute to the economic and political development of a region of growing interest to the United States.

Objectives and Justification:

U.S. efforts in Malawi are focused on bolstering institutions essential to perpetuating a free and open society. Our assistance also promotes economic growth and addresses significant health and social problems. Malawi took an important step in consolidating its transition to democracy in 1999 by holding multi-party national elections for the second time. At that time, the U.S. provided technical assistance to the Election Commission and Non-Governmental Organizations (NGOs) involved in voter education, registration, monitoring, and other activities. FY 2001 Development Assistance (DA) funds will be used for continuing post-election activities necessary to build democracy on numerous fronts.

Malawi is one of the poorest countries in Africa. FY 2001 DA will also fund a variety of programs designed to improve standards of living, concentrated on increasing agricultural productivity and economic opportunities, particularly for small-holder farmers. Improved management of natural resources is a vital component of economic growth. USAID will support that goal by working with the government of Malawi to achieve needed reforms concentrated on institutional and policy changes. The Peace Corps will also continue to work extensively with government and communities in agricultural business development, forestry, and wildlife management. Education programs, funded largely from CSD and emphasizing girls' primary education, is an important component of economic development. A portion of FY 2001 Child Survival and Diseases (CSD) funding will be provided for programs that increase the quality of and access to basic education. In addition, the single largest concentration of Peace Corps Volunteers would be in secondary education.

Sub-Saharan Africa

Malawi has one of the highest fertility rates in the world. DA funds will support government and private sector family planning and education efforts. Health indicators in Malawi are some of the worst in the world. For example, the HIV/AIDS infection rate among adults is estimated to be 13 percent. USAID will direct a portion of CSD funds to reduce infant and child mortality, improve public and private primary health service delivery, combat HIV/AIDS, and assist communities to care for vulnerable children.

The Malawi military has a long history of apolitical professionalism. By focusing on democratic values and mutually beneficial military-to-military relations, FY 2001 International Military Education and Training (IMET) programs will build on this admirable tradition and enhance regional stability. Malawi military personnel will receive training in finance, medical care, transportation, and management. In addition, the Defense Institute for International Legal Studies (DIILS) will provide a variety of courses. Malawi will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Malawi's peacekeeping activities. Malawi continues to participate in ACRI training, which is designed to enhance the capability and effectiveness of Malawi's officers and troops for future peacekeeping activities.

MALI
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	10,702	12,878	12,278
DA	24,649	21,870	25,734
IMET	374	280	300

National Interests:

The primary U.S. national interest in Mali is to strengthen democracy. The United States has a humanitarian interest as well, tied to our fundamental desire to help avert suffering in this country, which ranks among the poorest in Africa. As a progressive, emerging democracy, Mali is well positioned both geographically and politically to be a key player in regional relations and stability.

Objectives and Justification:

Mali has suffered a series of politically, economically, and socially crippling setbacks in recent decades. Increasing desertification, instability in the north, repressive political regimes and statist economies in the 1970's and 1980's and a population growth rate that remains one of the highest in Africa have amplified Mali's need. In FY 1999 and FY 2000, Mali received Development Assistance (DA) to address needs in the areas of Economic Growth, Agriculture, Human Capacity Development, Environment, Democracy & Governance and Population. FY 2001 DA programs will address the same broad spectrum of needs.

With low levels of child survival and basic education, Mali must also face critical health care threats from Malaria and HIV/AIDS. FY 2001 Child Survival & Diseases Fund (CSD) programs will continue to address these issues. USAID supports the efforts of the National Institute of Health to develop and test malarial vaccines in Mali and develop extensive education and training programs in the area. USAID programs to improve access to health facilities further the fight against both diseases. Peace Corps Volunteers are involved in HIV education in secondary schools and via live radio broadcasts. Both USAID and Peace Corps will continue to work to improve access to basic education facilities and materials.

International Military Education and Training (IMET) and Expanded-IMET (E-IMET) training on civil-military relations and on the role of the military in a democracy will reinforce the military's role as an institution subordinate to, and supportive of, the democratic civilian government. In FY 2001, Mali will be eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA such as vehicles, radios, and individual equipment will increase Mali's capabilities to participate effectively in international and regional peacekeeping operations. Mali is an ACRI participant.

MAURITANIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	535	501	400
IMET	--	--	75

National Interests:

Primary U.S. interests in Mauritania include democracy and humanitarian assistance. Mauritania's support for the Middle East Peace Process (MEPP), cooperation to ensure the security of American citizens and our diplomatic presence in Nouakchott, pursuit of economic reform, nascent democratic institutions and increased respect for human rights are advancing U.S. national interests.

Objectives and Justification:

The Mauritanian government has grown increasingly supportive of U.S. foreign policy goals, including counter-terrorism efforts, human rights and economic reform. The United States supports democratization through both diplomacy and small grants from the regional Democracy and Human Rights fund. Assistance from regional FY 2001 Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) demining programs will help Mauritania in its demining efforts and landmine awareness campaign.

Initiating a modest Expanded International Military Education and Training (E-IMET) program for Mauritania in FY 2001 will serve U.S. interests by further encouraging human rights and regional/global cooperation within the military, recognizing the progress to date, and providing an incentive to do more. Expanded IMET is designed to address the kind of behavior that led to the previous U.S. suspension of military assistance to Mauritania. The Mauritanian Government recognizes this fact and earnestly seeks such training. Since 1992, the Mauritanian government has introduced blocks of civic education into its own military training, and the Mauritanian military now has a notably strong civic action program.

Mauritania will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Mauritanian demining activities and infrastructure development.

Sub-Saharan Africa

MAURITIUS (\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	95	50	60

National Interests:

U.S. national interests in the Mauritius include democracy, law enforcement and global issues. U.S. national security is also enhanced through the creation of a stable and secure Indian Ocean region. The participation of Mauritius in international trade bodies helps to preserve U.S. trade policies globally. Terrorism has proven itself a real regional concern, as has lawlessness and international organized crime. Ecological degradation in the Indian Ocean threatens the oceanscape throughout the world.

Objectives and Justification:

FY 2001 International Military Education and Training (IMET) programs in Mauritius will contribute to creating professional militaries that respect civilian rule. Mauritius will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the foreign Assistance Act of 1961, as amended. Grant EDA will support Mauritius' counter-narcotics maritime activities and coastal security and will strengthen bilateral military relations.

Other U.S. goals include helping Mauritius, a continuous democracy since independence, conduct its December 2000 Presidential elections, promote ethnic conflict resolution and prevent criminal activity, including terrorism, money laundering and other crime. We will pursue this goal through diplomacy with support from the Democracy and Human Rights Fund, and possibly Regional Democracy Economic Support Funds.

MOZAMBIQUE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	35,475	33,699	12,854
DA	11,520	11,400	32,718
NADR	1,900	2,500	2,000
IMET	184	180	200

National Interests:

The U.S. interest in Mozambique is principally humanitarian. The protection of American citizens resident and traveling in Mozambique, and the control of international crime and narcotics trafficking are also priority national interests.

We desire to maintain the peace that we helped Mozambique to achieve in 1992 after a highly destructive 16-year civil war and to promote reconciliation between the former warring parties. Helping Mozambique to become a stable democracy will also ensure the environment needed to foster regional security, economic development, trade and investment opportunities, human rights, and protection of American citizens.

Objectives and Justification:

The consolidation of democracy in Mozambique is the foundation upon which all other goals depend. In order to assist Mozambique to complete its evolution from civil war to stable democracy, FY 2001 Development Assistance (DA) will be used to promote citizen participation in local governance and legislative decision-making, and to support the rule of law through institutional support to the judiciary and modernization of the Maputo court system. Democracy and Human Rights Fund grants will work to strengthen the effectiveness of civil society organizations. To strengthen the multi-party system, Economic Support Funds (ESF) from the Regional Democracy Fund will be sought.

The FY 2001 International Military Education and Training (IMET) program will provide civil-military education and training to facilitate the appropriate use of Mozambique's military in peacetime by emphasizing the necessity of an apolitical, professional, civilian-controlled military. Mozambique will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Mozambique's demining capabilities, which are continuing to show improvement through increased Mozambican engagement and better coordination with other international donors and NGOs. In FY 2001, Mozambique will continue to receive Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) funds for demining programs.

Sub-Saharan Africa

Economic development is essential to Mozambique's post-civil war success. As one of the poorest countries in Africa, peace and adherence to democratic and human rights principles hinge upon the creation of an economic environment in which the basic needs of the population are largely met. Humanitarian assistance to Mozambique is best accomplished by helping Mozambique create viable mechanisms to respond to basic humanitarian needs and thus avoid resumption of civil war. FY 2001 DA will also be used to promote sustainable rural development and agriculture. Human resource improvement will be addressed by staffing secondary schools with English teachers and supporting undergraduate and graduate education. DA projects will also enhance national food security and increase rural household income.

Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) funds and a Foreign Military Financing grant will support indigenous humanitarian demining, which is currently focused on the Massinger Dam demining project to render important trade routes accessible. FY 2001 DA will also be invested in improving institutional capacity to develop and implement environmental policies while collaboration between U.S. and Mozambican institutions on environmental research and education is increased. Finally, DA will continue to be used to stabilize population growth in support of Mozambique economic recovery. FY 2001 Child Survival and Diseases (CSD) funds will be used to lower infant and child mortality and combat infectious diseases, including malaria, polio, and HIV/AIDS.

The United States will provide regional International Narcotics, Crime and Law Enforcement (INCLE) funds for the training of Mozambican law enforcement and judicial assistance personnel in anti-crime, antiterrorism and counter-narcotics skills.

NAMIBIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	2,000	3,002	3,502
DA	6,650	6,237	6,798
NADR	1,053	300	100
IMET	145	175	195

National Interests:

The primary U.S. national interests in Namibia are democracy and humanitarian assistance. The United States played a key role in securing Namibia's independence a decade ago, and has been engaged since 1989 in helping Namibia build a democratic political system and a free-market economy. Helping Namibia overcome the legacy of apartheid provides a basis for enhanced regional stability, economic development, trade and investment opportunities and advancement of U.S. global interests. The goodwill generated by our engagement with Namibia since independence has served to facilitate constructive cooperation during Namibia's 1999-2000 rotation on the United Nations Security Council.

Objectives and Justification:

A wide disparity in wealth is a legacy of Namibia's apartheid past. Economic growth is the key to overcoming this legacy. FY 2001 Development Assistance (DA) and Child Survival and Diseases funds will be used to improve secondary and tertiary education for the previously disadvantaged majority. DA will also continue to provide support for small business development and policies which underpin a private sector-led economy. Community-based natural resource management programs have brought thousands of Namibians into the formal economy. These programs will continue with FY 2001 DA funding. FY 2001 Child Survival and Diseases (CSD) funds will focus on HIV/AIDS and basic health education activities in rural areas and among women. The FY 2001 International Military Education and Training (IMET) funds may also be used to deepen understanding of the HIV/AIDS problem in the Namibian military.

Namibia has not yet experienced a change of government or the emergence of an effective opposition. The FY 2001 DA funded Democracy and Governance program will continue efforts to deepen the democratic culture in Namibia. Activities will include strengthening the role of the legislature. It will also support improvement of human rights protection for historically marginalized elements of society. FY 2001 IMET funds will be used to train Namibian Defense Force personnel in democratic values and respect for civilian institutions. Namibia will be eligible in FY 2001 to receive Excess Defense

Sub-Saharan Africa

Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Namibia's peacekeeping and demining activities.

Another legacy of the pre-independence era is the existence of anti-personnel landmines in many parts of the country, which still render key economic infrastructure unuseable. Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) demining funds will provide Namibia technical expertise and logistical support for its humanitarian demining program.

NIGER
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	--	--	60

National Interests:

The primary U.S. interest in Niger is humanitarian, followed by democracy. U.S. efforts in Niger are aimed at the advancement and support of the fledgling democratically-elected civilian government, the promotion of broad-based economic growth, the furtherance of regional peace and stability, and securing and implementing a Full Safeguards Agreement between Niger and the International Atomic Energy Agency (IAEA) to preclude the provision of uranium to rogue states.

Objectives and Justification:

With the return of democracy to Niger, that nation is at a critical juncture wherein the provision of a modest FY 2001 International Military Education and Training (IMET) and Expanded-IMET (E-IMET) program including seminars on civil-military relations and on the role of the military in a democracy will help reinforce the military's role as a professional institution, subordinate to, and supportive of, the democratic civilian government. The United States will continue to support civil society and now, democratic institutions, through the regional Democracy and Human Rights Fund and possibly in FY 2000 and 2001, Africa Regional Economic Support Funds (ESF).

NIGERIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	6,815	17,000	22,167
DA	10,000	10,500	32,833
ESF	1,000	20,000	25,000
IMET	90	600	650
FMF	--	10,000	--

National Interests:

The primary U.S. interests in Nigeria are democracy and economic prosperity. Other interests include law enforcement and humanitarian assistance. With a population of 120 million, Nigeria is the most populous country in sub-Saharan Africa and its political and economic influence make it a key country in the region. Nigeria is at a crucial point in its history. The elected, civilian government of President Obasanjo was inaugurated in 1999 after fifteen years of military rule. A democratic and prosperous Nigeria will exert an enormously positive influence on West Africa and the continent. Serious economic and political problems would jeopardize key U.S. national interests. U.S. investment in Nigeria is approximately \$7 billion, mostly in the petroleum sector, and Nigeria produces eight per cent of all oil imported into the United States. Nigerian drug trafficking organizations control courier networks that move large quantities of heroin from Asia to the United States.

Objectives and Justification:

The U.S. strategy in Nigeria seeks to build support for key U.S. policies designed to promote democratic civilian rule, political stability, respect for human rights and the rule of law, sound economic policies, regional peacekeeping, and counter-narcotics efforts.

Nigeria is one of four key countries the Secretary has identified as priority democracies. It is undergoing a critical transition to democracy and is in need of additional resources. FY 2001 DA programs will be directed at working with and strengthening such key institutions as the National Assembly and state and local governments. The United States will continue to help strengthen the pillars of Nigerian civil society, such as NGOs, the courts, and a free, independent media through FY 2001 DA programs as well. The Democracy and Human Rights Fund and State Department education and cultural exchange and information programs will also provide training and experience in support of civil society.

Sub-Saharan Africa

U.S. programs designed to diversify the Nigerian economy and reduce its disproportionate and unhealthy reliance on oil are fundamental. A priority target for FY 2001 Development Assistance (DA) spending is privatization of parastatals, thereby diminishing the role of the Nigerian Government in financing and directing economic revitalization. FY 2001 Child Survival and Diseases (CSD) basic education programs, along with resources from the regional Education for Development and Democracy Initiative, will also foster broad-based growth. FY 2001 DA programs will also contribute to economic recovery by strengthening the agricultural sector, building human capacity, and by increasing the demand and availability of modern contraceptives through private sector and NGO outlets in order to curb Nigeria's 3.1 per cent population growth rate. FY 2001 DA environmental programs will assist Nigerians to pursue economic recovery in an environmentally responsible fashion.

Nigeria is a regional military power, and as such has played a major role in establishing and maintaining stability in Liberia and Sierra Leone. U.S. military assistance programs will concentrate on ensuring military subordination to civilian rule and reinforcing a positive peacekeeping role in the region. Re-professionalization of the Nigerian Armed Forces will be promoted through FY 2001 International Military Education and Training (IMET) programs with emphasis on the role of the military in a civil society. Training resources will be used to help reorient the Nigerian military to their proper role under civilian authority and to enhance their regional peacekeeping roles. Nigeria will be eligible in FY 2001 to receive grant EDA under Section 516 of the Foreign Assistance Act. EDA such as aircraft, vehicles, radios, medical supplies and equipment, field equipment and clothing will help Nigeria continue to participate in peacekeeping operations, and signal support for the civilian controlled government. Foreign Military Financing (FMF) in FY 2000 will help Nigeria refurbish its C-130 fleet, which is used in regional peacekeeping exercises. Nigeria will continue to receive FMF in FY 2001 through the new Africa Regional Stability FMF program.

Nigeria has been listed by UNICEF as one of the ten sub-Saharan countries least likely to achieve the Global Health Summit goal of 90 per cent immunization by the year 2000. FY 2001 CSD programs to promote the health of women and infants, and to control the spread of HIV/AIDS and other diseases, will contribute to our global efforts to reduce the spread of infectious diseases. FY 2001 CSD programs to improve basic health care will support our strategic goal of economic development in Nigeria.

Nigerian crime syndicates, many of them narco-linked, cost American victims tens of millions of dollars each year, mostly through financial fraud. The United States will continue to work with Nigerian law enforcement agencies to encourage and facilitate action against Nigerian criminals with U.S. targets using State Department education and cultural exchange and information programs and regional International Narcotics Control and Law Enforcement (INCLE) resources. Regional INCLE resources and State Department education and cultural exchange programs will also permit Nigerian law enforcement and judicial system personnel to train and develop professional relationships in the United States in order to disrupt heroin and cocaine trafficking to America.

RWANDA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	5,455	5,500	6,347
DA	8,900	8,620	8,461
NADR	750	246	250
IMET	314	235	250

National Interests:

The primary U.S. interests in Rwanda are humanitarian assistance, economic development and democracy building. U.S. programs in Rwanda aim at preventing the recurrence of genocide (which claimed some 800,000 lives in 1994) by helping to create the political, economic and social conditions that will lead to development of a prosperous society that embraces the principles of democratic governance and respect for human rights.

Objectives and Justification:

The U.S. implements a variety of political, humanitarian, economic and military assistance programs that support U.S. interests in aiding Rwanda's transition to sustainable development and securing regional peace and stability in Africa's Great Lakes Region.

U.S. military assistance in Rwanda focuses on the need to promote an appropriate role for the Rwandan military. The International Military Education and Training (IMET) program offers training in the U.S. to Rwandan military students, allowing for daily contact and positive, long-term influence. This influence will assist the United States in pushing for peaceful resolution of conflicts in DROC, greater recognition of the importance of respect for human rights, and a constructive role for the military in the development of a democratic and prosperous Rwanda. Specifically, FY 2001 IMET training will focus on civilian control and direction of the military, professional development and appropriate defense resource management.

Rwanda may be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, if the Department of State makes a determination that the "countries in conflict" restriction on military-to-military contacts no longer applies to Rwanda. Grant EDA items such as vehicles, radios, and individual military clothing and equipment, would support Rwanda's demining and peacekeeping activities and would help the government protect citizens from rebel attacks in the northwest.

Sub-Saharan Africa

The United States will also support peace and reconciliation within Rwanda by contributing funds from the Contributions for International Peacekeeping Activities (CIPA) account and the Contributions to International Organizations (CIO) account to support the International Criminal Tribunal for Rwanda, which seeks to bring to justice the perpetrators of the 1994 genocide. These funds support all aspects of the Tribunal's operations, including administrative and program costs. Regional Economic Support (ESF) funds from the Great Lakes Justice Initiative are being programmed to strengthen capacity for the administration of justice and support genocide caseload management, reconciliation, and local government, and promote the rule of law and transparency in government.

Lack of a just and democratic political system and chronic poverty were contributing factors to the 1994 genocide. FY 2001 Development Assistance (DA) funds will continue to be used for activities to promote democracy and human rights as well as economic growth. The agricultural sector, from which over 90 percent of Rwandans earn their livings, will continue to be the main focus for DA funding, with an emphasis on improving household food security among rural households. FY 2001 Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) demining funds will also enhance the ability of rural populations to farm and graze their herds.

High rates of HIV/AIDS infection and infant and child mortality threaten economic and political progress in Rwanda. FY 2001 CSD funds will continue to support child survival, polio and infectious disease treatment and eradication, HIV/AIDS prevention and other health-related programs.

SAO TOME AND PRINCIPE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	86	75	85

National Interests:

The primary U.S. interest served in Sao Tome and Principe (STP) is democracy, followed by humanitarian assistance. U.S. efforts in STP focus on promoting political stability in order to support and safeguard our Voice of America facility and operations there. Vital underpinnings of this stability include strengthening democratic institutions and civilian rule and economic development in this exceptionally poor country.

Objectives and Justification:

Sao Tome and Principe (STP) is a model of democracy in central Africa, characterized by open, free, and transparent elections, and is presently an island of calm in a troubled region. However, further economic deterioration in this island nation, that in years past has experienced unrest by its armed forces due largely to the nation's financial distress, will likely increase social tension and possibly civil strife. This unrest could lead to military or autocratic rule, affecting the operation of the Voice of America's \$55 million relay station, and signaling a halt to STP's democratization.

The United States will continue to support democratic institutions and civil society through small grants from the regional Democracy and Human Rights Fund. FY 2001 International Military Education and Training (IMET) programs will promote military leadership skills, English language capability and professionalism in the small STP military. IMET programs will also bolster continued civilian control through contact between the U.S. and STP militaries, leading to increased understanding and cooperation.

SENEGAL
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	5,981	6,400	6,957
DA	17,243	16,153	16,461
IMET	846	735	750

National Interests:

The primary U.S. national interests in Senegal are democracy and humanitarian. Senegal is our most important Francophone partner in sub-Saharan Africa, a key supporter of key U.S. foreign policy initiatives, and a consistent voice for moderation and compromise in multilateral and Islamic organizations. Senegal is also a key participant in the African Crisis Response Initiative (ACRI). By working with Senegal to professionalize its military, strengthen its private sector growth and broaden democracy, the U.S. will contribute to the stability of a troubled sub-region.

Objectives and Justification:

The United States promotes democracy in Senegal through diplomacy and assistance programs. Ensuring the health of Senegal's key security institutions, particularly its military, will eliminate a potential source of regional instability and help limit the spread of conflicts that frequently lead to humanitarian crises. FY 2001 Development Fund for Africa (DFA) funds will continue to address needs in the areas of democracy, reform of commercial laws, formulation of enterprises and access to financial services. These will help decentralize government owned enterprises and enhance the legal system. DFA funds will also continue to support programs to promote environmental protection and reduction of Senegal's population growth rate.

FY 2001 Child Survival and Disease Fund (CSD) programs will continue to address issues of strengthening community managed programs for child survival, maternal and child health, female genital mutilation and sexually transmitted diseases, particularly HIV/AIDS.

FY 2001 International Military Education and Training (IMET) will assist Senegal to continue its participation in ACRI and the African Center for Strategic Studies. The training, seminars on civil-military relations and on the role of the military in a democracy will help reinforce the military's role as an institution subordinate to the democratic civilian government. Senegal will be eligible to receive Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. Active in the African Crisis Response Initiative (ACRI), EDA would be used to enhance Senegal's capabilities to participate in international and regional peacekeeping activities.

SEYCHELLES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	103	75	60

National Interests:

U.S. national interests in the Seychelles islands include democracy, humanitarian interests, law enforcement and global issues. U.S. national security is enhanced through the creation of a stable and secure Indian Ocean region. The participation of the Seychelles in international trade bodies helps to preserve U.S. trade policies globally. Terrorism has proven itself a real regional concern, as has lawlessness and international organized crime of other sorts, including money laundering and passport fraud. Ecological degradation in the Indian Ocean threatens the oceanscape throughout the world.

Objectives and Justification:

The United States promotes democracy in the Seychelles through diplomatic efforts combined with small grants from the Democracy and Human Rights Fund. An apolitical military is critical to maintaining democracy in the Indian Ocean region, where coups have occurred in neighboring Comoros. FY 2001 International Military Education and training (IMET) programs in the Seychelles will contribute to creating professional militaries that respect civilian rule. Seychelles will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support the Seychelles' counter-narcotics maritime activities and coastal security efforts.

SIERRA LEONE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	--	500	1,925
DA	--	517	3,075
ESF	3,300	1,500	--
IMET	--	50	100

National Interests:

The primary U.S. interest in Sierra Leone is humanitarian. The U.S. is helping West Africa implement the July 7, 1999 Lome Peace Agreement that brought an end to the eight-year conflict in Sierra Leone that threatened the stability of several other states in the region and caused a massive, complex humanitarian emergency. Other U.S. interests in Sierra Leone include supporting the democratic political system and civil society, and improving the ability of American citizens to live and work securely in Sierra Leone.

Objectives and Justification:

The Lome Agreement has brought a degree of stability to Sierra Leone that has allowed USAID to allocate funds for resumed assistance in the Child Survival and Diseases (CSD) Fund and Development Assistance (DA), starting with modest FY 2000 programs in the health sector. Confronting the overwhelming needs of the country, USAID will determine the areas of highest priority where this modest assistance will have the most impact in FY 2001, most likely in economic development, health, and democracy and governance.

As we continue to press Sierra Leone forward on peace accord implementation, we can improve internal stability and security by using FY 2000 Economic Support Funds (ESF) to fund a U.S. Department of Justice International Criminal Investigation Training and Assistance Program (ICITAP) program in Freetown. The ICITAP program would focus on institutional development, and on the establishment of policy and procedures to professionalize the civilian police force and promote respect for human rights and the rule of law. Forensic and other equipment that will enable evidence-based investigation may be included.

Through the Contributions for International Peacekeeping Activities (CIPA) account, the United States will contribute to the United Nations Mission to Sierra Leone (UNAMSIL). UNAMSIL plays a crucial role in overseeing implementation of the Lome Peace Agreement, including the disarmament, demobilization and reintegration (DDR) of former combatants from Sierra Leone's civil war. The United States strongly supports UNAMSIL as an essential element in consolidating the peace.

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International Military Exchange Training (IMET) for Sierra Leone supports all three national interest areas. Building on a small first-year program in FY 2000, IMET programs in FY 2001 will contribute to international efforts to rebuild the shattered Sierra Leonean military and, thereby, bolster internal security and regional stability. FY 2001 Expanded IMET programs will reinforce the democratic system and democratic values. This training will build on the high regard for the American political and military systems already present in Sierra Leone's military and civilian sectors. IMET will support improvement of Sierra Leone's military justice system and civil-military relations, travel to the U.S. by one or two mid- to high-level military officers for professional military training, and technical assistance in defense resources management. Sierra Leone will also be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Assuming continued progress with the peacekeeping mission, grant EDA can be provided to support the rebuilding and restructuring of Sierra Leone's military following several years of internal conflict and instability.

SOMALIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	1,000	--	--
DA	500	--	--
NADR	1,150	1,300	1,600

National Interests:

The primary U.S. interests in Somalia are humanitarian, as the United States seeks to advance peace and stability, and establishing democratic institutions and practices. U.S. national security is also threatened by the country's chaotic state and its potential as a platform for destabilizing international and regional elements, including terrorist threats. Somalia's long, un-policed border opens onto Ethiopia, Kenya and Djibouti. Access across the Indian Ocean to Yemen expands the potential threat.

Objectives and Justification:

The primary objective of the United States in Somalia is to help mitigate and resolve the humanitarian problems stemming from conflict and chaos. FY 2001 Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) demining funds will assist to eliminate landmines, which hamper the rural farming and grazing necessary for subsistence and stability in Northwest Somalia. In addition, the United States will be providing a humanitarian assistance program in Somalia, managed by the USAID REDSO in Nairobi, Kenya, and will pursue reconciliation activities through regional funds that go to the Intergovernmental Authority for Development (IGAD).

FY 2001 DFA programmed through the regional Greater Horn of Africa Initiative (GHAI) will support civil society in areas of relative stability, such as "Somaliland," which continues to nurture democratic institutions. IGAD has sponsored several reconciliation conferences and a fact-finding mission to Somalia. This could form the base for creating stability and promoting democracy in Somalia. In this context, Djibouti has advanced a "Guelleh" plan to bring peace to Somalia. Another major objective is to work with Djibouti, the OAU, IGAD, Egypt and other regional states to promote a national dialogue leading to reconciliation. The plan still needs further clarification and will require the U.S. and other countries to work with Djibouti to determine what is achievable. The United States also hopes to help avoid/minimize the effects of the conflict in the Horn between Eritrea and Ethiopia on Somalia, including arms flows or terrorist groups.

SOUTH AFRICA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	14,450	13,188	15,400
DA	32,208	33,490	39,089
IMET	1,022	800	825

National Interests:

Major U.S. interests in South Africa include democracy, economic prosperity, national security, law enforcement and global issues. The United States seeks to promote South Africa's development as a stable, democratic, market-oriented and prosperous state, with good relations with its neighbors, and strong U.S. links. Such a South Africa will be a key U.S. partner in tackling major challenges, such as shaping a more stable and secure Africa and developing effective international responses to such issues as arms control and nonproliferation, environmental degradation, and HIV/AIDS. Moreover, South Africa's successful transition will mean enhanced prospects for U.S. trade and investment, safety for Americans traveling in South Africa, and more effective cooperation in the fight against terrorism, crime, and narcotics trafficking.

Objectives and Justification:

The success of South Africa's transformation to a democratic and prosperous state is critical, not only for its own long-term stability, but also for the political and economic development of its Southern African Development Community (SADC) partners and farther afield in Africa. FY 2001 Development Fund for Africa (DFA) spending will continue to support South Africa's efforts to strengthen and consolidate democracy, with special emphasis on strengthening the criminal justice system, democratic and effective local governance, and civil society-government partnerships. Programs will target non-governmental organizations' human rights education programs; promote empowerment of women, effective local government and rule of law; and make the judicial system more accessible to and representative of the majority of the population through institutional and policy support to the Ministry of Justice.

To assist the new government to eliminate the vestiges of the apartheid system and aid the previously disadvantaged majority to increase their participation in civil society and the economy in FY 2001, DFA programs will invest in education, private sector development, and delivery of housing and related human services to encourage broad-based, sustainable growth. These programs will address unemployment through programs in workforce development and education. DFA programs will also increase market-driven employment by supporting existing small and medium-scale enterprises.

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Lack of adequate shelter and services for the previously disadvantaged majority population continues to be a challenge for South Africa. DFA programs in FY 2001 will also develop new strategic approaches to address emerging technical complexities of housing development, including upgrading existing settlements, energy and environmental concerns and the capacity of local authorities to deliver services in these areas. Helping South Africa pursue environmentally sustainable, market-based development will assist it in achieving other goals, such as broad-based growth and health. To encourage environmentally sustainable socioeconomic growth, DFA will be used for training and for capacity building of policy formulation entities. The FY 2001 Child Survival and Disease (CSD) programs will continue to focus on primary health care delivery, with an increased focus on capacity building and HIV/AIDS prevention and mitigation and basic education. Education is a major recipient of assistance with a combination of DFA and CSD funding to be used in FY 2001 to support systems improvement and service delivery in basic education, further (community) education and higher education.

South Africa's political and military leadership in southern Africa and beyond is a key element for promoting regional stability and economic growth. Through International Military Education and Training (IMET) the United States encourages South Africa to transform its defense force into a professional military cognizant of human rights considerations by sponsoring South Africans to attend U.S. staff colleges, equal opportunity courses, civil-military relations courses and other professional military training. FY 2001 IMET will be used to continue these programs, which are dramatically increasing U.S.-South African military ties and cooperation. The global Enhanced International Peacekeeping Capabilities program through Foreign Military Financing (FMF) assisted the South African National Defense Force in FY 2000 with \$250,000 to create a peacekeeping training center, which will facilitate participation in international peacekeeping missions. Such training will allow South Africa to exert regional leadership commensurate with its size, strength and population. South Africa will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support South Africa's peacekeeping activities and enhance our cooperative relationship.

Widespread crime in South Africa creates insecurity, undermines confidence in new democratic institutions, and impedes economic growth. International Narcotics Control and Law Enforcement (INCLE) funds from the regional Africa program will provide the South African Ministry of Justice a U.S. adviser to offer recommendations on ministry reforms, while INCLE training will target the basic capabilities of law enforcement agencies, including border control, and increase their capacity to conduct sophisticated investigations and prevent drug trafficking.

SWAZILAND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	91	75	85

National Interests:

Priority U.S. national interests in Swaziland are democracy and humanitarian response. Our interests are driven by our policy to promote democracy and human rights and promote stability throughout the southern African region.

Objectives and Justification:

Democracy and Human Rights Fund grants and Regional Democracy Economic Support Funds (ESF) advance the U.S. strategic objective of democracy promotion by supporting civil society initiatives related to democratic practices. For example, \$200,000 in FY 1999 ESF supports projects to train recently-elected local government officials how to effectively serve their communities as well as assistance to the Constitutional Review Commission in preparing a constitution that will put in place a modern political system. Additional grants will support projects to enhance the performance of local government, promote participation in local and national elections, and accelerate the constitutional review process.

Efforts to promote the professionalization of the Swazi military directly support our primary goal of advancing democracy and human rights, and also bolster our goals of supporting regional stability and humanitarian assistance. FY 2001 International Military Education and Training (IMET) will fund military assistance programs that promote the professionalization of the Swazi defense forces through education on the role of the military in a democracy and in respect for human rights. FY 2001 IMET programs that support peacekeeping training also advance broader U.S. peacekeeping goals for the southern African region. Now that Swaziland chairs the Southern African Development Community's Inter-State Defense and Security Committee, we may be able to advance these regional goals through our military-to-military contacts with Swaziland.

The United States programmed a grant of \$35,000 from FY 1999 International Narcotics Control and Law Enforcement (INCLE) regional funds to support marijuana crop eradication efforts. In FY 2001, we will continue to request regional counter-narcotics and crime funds to support the goals of combating international crime and illegal drugs.

TANZANIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	7,400	9,500	10,300
DA	14,750	14,322	15,816
ESF	9,231	--	--
IMET	181	150	175

National Interests:

The principal U.S. interest in Tanzania is humanitarian response, pursued through the reinforcement of Tanzania's political stability and by fostering broad-based economic growth. As a relatively stable country, Tanzania plays an important regional role as host to hundreds of thousands of refugees from regional crises and as the site of the Burundi peace process. The bombing of the U.S. Embassy in August 1998 underscored the need to expand our counter-terrorism relationship with Tanzania.

Objectives and Justification:

FY 2001 Development Assistance (DA) funds will be programmed across a variety of sectors in Tanzania. In October 2000, national elections will take place, in which a new president could be elected. Promoting and supporting democratic institution building and the process of democratization through DA programs, including reconciliation between the mainland and the island of Zanzibar, will help strengthen the country. A strong judiciary system will also be important to give confidence to business investors and Tanzanian society that the legal system is transparent and effective.

In FY 2001, the United States will continue to promote U.S. products through DA-funded technical assistance, while at the same time supporting Tanzania's agricultural sector and human capacity development through DA programs. DA funded environmental and population programs will also contribute to sustainable, broad-based economic growth. Peace Corps programs will continue to contribute to sustainable growth at the grassroots level.

FY 2001 Child Survival and Diseases (CSD) funds will be programmed for child survival and infectious disease prevention. Peace Corps programs will also contribute to reducing the spread of HIV/AIDS.

A stable Central Africa will reduce requirements for U.S. peacekeeping forces and massive humanitarian disasters as a result of ethnic violence and large-scale refugee flows. Supporting Tanzania and promoting its efforts to bring peace in Burundi and play a constructive role in the DROC will enhance regional stability. Tanzania is a key player

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in hosting the Burundi peace negotiations in Arusha, and President Mkapa has been also been called upon to help with the peace process in the Democratic Republic of the Congo (DROC). FY 2001 International Military Education and Training (IMET) will encourage the Tanzanian government to continue its constructive engagement in resolving regional conflict. Tanzania will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA, such as vehicles, radios, and individual military clothing and equipment, will help support Tanzania's peacekeeping activities.

TOGO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	--	--	50

National Interests:

U.S. interests in Togo center on promoting democratization, which will contribute to domestic stability and economic growth as well as regional peace. With extremely limited program resources in the absence of a USAID mission, the U.S. Embassy also works to promote broad-based economic growth in order to improve living standards, health conditions and Togo's potential as a commercial partner.

Objectives and Justification:

Togo has had difficulty making a transition from military dictatorship to democracy. Since the widely disputed Presidential election in June 1998, there has been a political stalemate. The United States has no bilateral aid program (the USAID office closed in 1994) although regional population and HIV/AIDS projects do continue, and civil society is supported through small grants from the regional Democracy and Human Rights Fund. There are no military programs in Togo. However, the Togolese army remains a key actor in the country. To insure a successful transition to democracy, it is critically important that the capacity, professionalism and commitment to democracy of the military be enhanced.

The FY 2001 International Military Education and Training program proposes \$75,000 to enhance the Togolese military's regard for democratic values, respect for individuals civil and human rights, and acceptance of the rule of law. We also hope to facilitate the development of professional and personal relationships that may provide U.S. access and influence in a critical sector of society. The allocation of these IMET funds will be contingent upon the holding of internationally free and fair legislative elections in 2000.

UGANDA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	21,187	19,318	22,718
DA	28,085	27,804	31,148
IMET	305	370	385

National Interests:

The key U.S. interest in Uganda is humanitarian response. Uganda has made great strides in health, education, and economic reform. U.S. assistance is aimed at reinforcing these positive trends while encouraging good governance to ensure the long-term success of Uganda's reforms. Uganda is involved in two conflicts important to U.S. interests in Africa: the war in the Democratic Republic of the Congo and in the civil war in Sudan.

Objectives and Justification:

FY 2001 Development Assistance (DA) will be provided for economic growth, democracy, population and environment programs. A transparent, productive Ugandan economy will spur regional integration and open access for U.S. goods and services to a market of over 20 million people. U.S. democracy programs focus on strengthening Uganda's legislative and judicial institutions to foster long-term democratic reform. The United States will provide assistance to Ugandan NGOs through the Democracy and Human Rights Fund to help provide civic education in the runup to a referendum to decide whether to lift the current restrictions on political parties. Uganda's rapidly growing population puts pressure on land, schools and health services, in turn threatening economic growth and democratic reform. DA programs help to lower the population growth rate. The conservation of Uganda's unique environment, assisted by DA programs, will reduce long-term threats to the global environment, particularly the loss of bio-diversity.

Uganda plays an active regional role. It is involved in the Sudan and Burundi peace processes. Uganda has forces in Congo in support of rebels fighting the government of President Kabila. Uganda was a staging point for U.S. humanitarian operations in the Great Lakes region in 1994 and 1996. Uganda also participates in the African Crisis Response Initiative (ACRI) training, which will help them play a constructive and professional role in regional peacekeeping. FY 2001 International Military Education and Training (IMET) programs will help to further professionalize the Ugandan military, which has already been downsized under a successful UN program. Uganda's participation in IMET will be conditioned upon its cooperation in helping to resolve the Democratic Republic of Congo conflict. Excess Defense Articles (EDA) will support Uganda's ability to participate in international peacekeeping operations, and to counter

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threats emanating from Sudan. Uganda will be eligible in FY 2001 to receive EDA on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as soon as its troops withdraw from the Democratic Republic of the Congo.

Uganda is the epicenter of the HIV/AIDS epidemic and has one of the highest incidences of malaria infection in the world. FY 2001 Child Survival and Diseases (CSD) funds will be programmed for child survival, HIV/AIDS basic health and basic education programs. USAID health programs aim to decrease the incidence of HIV/AIDS and other infectious diseases, as well as supporting basic health initiatives. The Embassy will also continue to engage in HIV education and provide diplomatic support to Centers for Disease Control research projects.

ZAMBIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	11,241	15,228	21,376
DA	11,450	12,600	13,664
NADR	--	300	500
IMET	150	150	160

National Interests:

The U.S. national interests in Zambia are primarily democracy and humanitarian. We also seek to support its economic development in order to enhance the stability of the southern African region. With ongoing conflicts in two of its largest neighbors (Angola and Congo), having a stable, democratic and prosperous Zambia is important for U.S. in southern Africa. As a country with significant natural resources and a reestablished multi-party democratic political system, Zambia can play a significant role in a region of growing political and economic importance to the United States.

Objectives and Justification:

Zambia's economy continues to struggle to overcome decades of statist economic policies. Its people remain poor and vulnerable to weather-induced food shortages. FY 2001 Development Assistance (DA) funds will support market-oriented economic reforms and increase the productive capacity of rural Zambia. Included in these activities would be, for example, funds to support new microfinance projects. To develop one of Zambia's greatest resources, its people, Child Survival and Disease (CSD) funds will be used to increase the quality of and access to basic education. Zambia may begin a demining program in FY 2000 to improve the ability of rural populations to farm, and would receive FY 2001 Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) funds for that program.

Democracy and good governance are essential to the long-term stability and economic growth of Zambia. FY 2001 DA funds will support Zambian efforts, both governmental and non-governmental, to strengthen the pillars of democracy: transparent election processes; an independent judiciary, respect for rule of laws, freedom of the press, freedom of assembly, and respect for human rights. Particular attention will be paid to preparation for the 2001 national elections. DA funded projects will include programs with the National Assembly to enhance its effectiveness, as well as expand a mediation/arbitration program with the judiciary.

Diseases and their effects significantly hamper economic growth. Zambia is struggling to deal with high fertility rates and infectious diseases, including the

HIV/AIDS epidemic. An estimated 20 percent of the population is HIV positive. FY 2001 Child Survival and Disease (CSD) programs will support governmental and non-governmental programs to improve sanitation, and family and public health. CSD funding will also enable projects to improve the staffing at health facilities and schools, support micronutrient intervention for primary school children, and fight the spread of HIV/AIDS.

The overall objectives of International Military Education and Training (IMET) to improve regional stability and instill democratic values in foreign national military are especially appropriate for Zambia. The country is situated next to two ongoing civil conflicts (in Angola and the Congo) and returned to multi-party democracy after nearly two decades of one-party rule. FY 2001 IMET funds will enable Zambian military personnel to attend courses at the Defense Institute for International Legal Studies and U.S. military staff colleges, receive training in logistics, management, and armor tactics, and participate in Judge Advocate General – sponsored programs. Zambia will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Zambia's peacekeeping activities.

ZIMBABWE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	1,850	5,200	6,000
DA	6,950	6,927	7,719
NADR	743	1,152	1,000
IMET	299	350	325

National Interests:

The principal U.S. interests in Zimbabwe are democracy and humanitarian. The United States seeks to prevent crises in Zimbabwe while maintaining regional stability. Democratic reform in Zimbabwe will also contribute to regional economic prosperity. U.S. assistance will help Zimbabwe to address its acute HIV/AIDS problem. Zimbabwe has emerged as a key partner of the U.S. in implementing the Lusaka Accords to bring peace to the Democratic Republic of the Congo (DROC), a necessary prerequisite for regional stability and development.

Objectives and Justification:

Zimbabwe is a country in crisis. For the last three years, economic growth has been close to zero. Inflation rates of almost 70 percent per annum, rising poverty and an unpopular war in the DROC pose risks for social stability in Zimbabwe, which could have ripple effects in the region. USAID postponed closure of its Zimbabwe mission in recognition that Zimbabwe is facing a period of enormous crisis and potential fragility.

FY 2001 Development Assistance (DA) will promote democracy through a program that will increase civil society's ability to influence economic and political policy-making. The goal is to make the government both more responsive and more accountable to its citizenry. The democracy program includes modest technical assistance for land tenure reform and for local groups to design their own resettlement schemes. In FY 2001 a new component will be designed to increase citizens' access to local government authorities concerning taxation and budget allocations. In the economic sector, DA funds will be used to fund private sector development, including micro-enterprise development and skills training. In FY 2001, Zimbabwe will continue to receive NADR funds for demining programs as well, increasing the safety of farming and economic development in the rural areas, including tourism in the Victoria Falls area.

One quarter of the Zimbabwean adult population is infected with the HIV/AIDS virus, and the Zimbabwean health sector is incapable of responding to the AIDS crisis. FY 2001 Child Survival and Disease funds will be used to expand essential support to the health sector, focusing on increasing public awareness of the AIDS threat and changing

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sexual behavior. In FY 2001 USAID will design a new community-based initiative to help cope with the nearly 700,000 children orphaned by AIDS.

The International Military Education and Training (IMET) program, a low cost, highly effective component of U.S. security assistance that provides training on a grant basis to students from allied and friendly nations. The IMET program reinforces the Zimbabwean Defense Forces' (ZDF) commitment to civilian rule and augments its professionalization. FY 2001 IMET training for senior ZDF officers will facilitate the Zimbabwean government's efforts to "right size" the ZDF as it disengages from the DROC (Democratic Republic of Congo) conflict. Zimbabwe will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act of 1961, as amended. Grant EDA will support Zimbabwe's peacekeeping efforts.

AFRICAN CRISIS RESPONSE INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
PKO	12,500	20,000	20,000
FMF	5,000	--	--

National Interests:

The African Crisis Response Initiative (ACRI) is a U.S. training initiative designed to train approximately 12,000 troops from selected African militaries in the skills necessary to enable them to respond quickly and effectively to peacekeeping and humanitarian relief crises on the continent. ACRI's comprehensive approach encourages regional peacekeeping operations for which African countries take the primary responsibility, thereby reducing the humanitarian burden on the United States. The greater regional stability that will ensue from an enhanced African peacekeeping capacity will also serve U.S. interests in promoting African democracy and economic growth. ACRI training provides partner military units with interoperable peacekeeping skills and a package of non-lethal equipment that enables units from different countries to work together effectively. The ACRI training program is complementary to and mutually supportive of French, British, and Belgian peacekeeping training efforts.

Objectives and Justification:

ACRI will continue to enable African participation in a program combining classroom, field, and computer-assisted training exercises, emphasizing preparedness to participate in permissive peacekeeping – type tasks. These tasks include convoy escort, logistics, protection of refugees, negotiations, and command and control. For example, in 1999, ACRI-trained units from Mali and Ghana sent forces to Sierra Leone as part of the ECOWAS peacekeeping force, contributing to the success in brokering a negotiated settlement. Additionally, Benin sent a contingent to restore order following political upheaval in Guinea-Bissau, and Senegalese peacekeepers are currently engaged under the UN mission in the Central African Republic.

ACRI's program of instruction includes initial and periodic follow-on training sessions, all based on the "train-the-trainer concept." Brigade staff level training, scheduled to begin in FY 2000 and continue in FY 2001, will develop skills necessary for sub-regional command and control structures. The program also integrates humanitarian NGO, PVO, and IO participation in the training to facilitate cooperation and better coordination in actual operations.

A portion of ACRI funds are also used to provide non-lethal basic equipment (i.e., communications gear, uniforms, boots, generators, mine detectors, night vision

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devices, and water purification units), as well as support program development and administration. To date, ACRI has conducted initial training with battalions from Senegal, Uganda, Malawi, Mali, Ghana, Benin, and Cote d'Ivoire; follow-on training has occurred in Ghana, Senegal, Mali, Benin and Malawi. FY 2001 PKO funds are needed to support initial training for two new countries, continue follow-on training with existing ACRI partner nations, and conduct brigade-level training in Senegal aimed at developing Senegal's capacity to fulfill command and control functions for future multinational combined peacekeeping operations.

AFRICA REGIONAL DEMOCRACY FUNDS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	14,000	6,000	15,000

National Interests:

Democracy promotion in Africa serves both American ideals and the U.S. interest in promoting global democracy. The United States is compelled to help those suffering under authoritarian governments as a commitment to the fundamental principles which strengthen the success of our own society. Democracy also represents a stabilizing force capable of alleviating humanitarian crises resulting from armed political power struggles which cost the United States billions of dollars annually. U.S. business interests may flourish where responsible and stable governments strive to ensure suitable investment environments. Like-minded democracies also make the best partners in global efforts to address international concerns ranging from terrorism, crime and drug trafficking to weapons proliferation, environmental degradation and spread of disease.

Objectives and Justification:

The inextricable link between democracy and stability clearly reveals that the U.S. must be prepared to engage African democratization on multiple fronts. The United States will respond to the challenge of African democratization at several levels. First, those countries that have displayed strong commitment to democratic reform require continued support in their efforts to consolidate earlier gains. Second, many African countries will require concerted effort to encourage initial steps toward reform. Third, retrogression must be addressed, at the appropriate time, wherever it occurs. These challenges will require increased funding for democracy programs in FY 2001.

The United States supports post-conflict reconstruction, successful transitions to democracy, and the consolidation of fully democratic institutions and practices through the coordinated use of Public Diplomacy, long-term USAID democracy programs funded by Development Assistance (DA) in USAID presence countries, and ESF funded regional democracy programs which are not limited to USAID presence countries. Regional democracy resources target less costly, short-term and high impact opportunities throughout Sub-Saharan Africa and often strategically target a single aspect or several related aspects within the reform process.

Recognizing that democratization is a holistic process that extends far beyond successful elections, regional democracy activities will work in tandem with and be complemented by important ESF programs like the Countries in Transition Fund as well as the Education for Democracy and Development Initiative. FY 2001 ESF for this

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program will provide U.S. technical assistance, equipment, education, and financial support in order to help strengthen respect for human rights, multiparty pluralism, transparent governance, civil society, an independent judiciary, and an assertive independent media. Donor coordination and burden sharing will help ensure that U.S. resources are used strategically and continue to achieve maximum results with minimum duplication.

FY 1999 regional democracy resources supported such programs as the historic transition to democracy in Nigeria, efforts to make Uganda's preparation for a referendum on the no-party system fair and transparent, and a critical second round of national elections, which were judged credible, in Mozambique. Among other key programs, FY 2000 resources will help ensure transparency for national elections in Tanzania, continue to move Kenya toward constitutional reform, and support the fledgling democracy that has emerged in Niger.

AFRICA REGIONAL PEACEKEEPING
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
PKO	9,157	13,000	15,000

National Interests:

Democratic governance and sustained economic development cannot thrive in an environment plagued by recurring armed conflict. Helping Africa resolve its many conflicts is key to promoting our economic and political interests in the region. Particularly egregious has been the war that erupted in the Democratic Republic of Congo (DROC) in August 1998, which is the largest-scale conflict in the history of modern Africa. It involves at least eight countries in the heart of the continent and is exacting a heavy humanitarian and economic toll. In addition, conflict between Ethiopia and Eritrea, and support toward peaceful transition in Sierra Leone and potentially Angola and Sudan all speak to the need to continue providing direct assistance to peacekeeping operations in Africa. PKO funds U.S. efforts to help build African peacekeeping capacity bilaterally and regionally and to support ongoing operations. These efforts have the ultimate aim of helping to ensure that the security interests and well-being of the United States and its allies are not threatened by African instabilities, and to reduce the high costs of U.S. humanitarian assistance.

Objectives and Justification:

African Peacekeeping funds equip and send African forces as they participate in sub-regional, regional and UN peacekeeping operations (PKO), promoting continued stability in countries emerging from conflict. During the previous decade, African countries have developed reasonably effective peacekeeping and conflict resolution capabilities. Furthermore, many African countries have been willing to provide forces for PKO missions. Unfortunately, they are unable to deploy, sustain, and maintain those forces without significant international contributions – they simply do not have the resources necessary. They will continue to require adequate PKO assistance to sustain operations in FY 2001 (\$15 million).

In this regard, FY 2001 PKO support to the Organization for African Unity's (OAU) Joint Military Commission (JMC) in the DROC will remain key. The JMC, comprising officers from several African countries, will require funds for day-to-day operations that will enable the organization to monitor the peace process as well as the process of demobilization and reintegration (\$9 million). Several of the contributors supporting the JMC are African countries that can ill-afford to contribute substantial amounts to this critical mission.

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FY 2001 PKO funding is required to help evolve the Economic Community of West African States (ECOWAS) as a peacekeeping headquarters as well as to support ongoing operations in West Africa. ECOWAS requires assistance with staff training, equipment maintenance, medical gear and transportation support if it is to remain the vanguard of regional peacekeeping forces in Africa (\$1 million).

If conditions permit, FY 2001 PKO funds will also be provided to sustain potential or ongoing OAU efforts at bringing peace to Angola, the Republic of Congo, southern Sudan and the unstable Great Lakes region. Funds for start-up peacekeeping costs such as equipment procurement, maintenance and transportation can be provided to such African partners as Benin, Botswana, Ghana, Kenya, Malawi, Mali, Namibia, Nigeria, Senegal and Zambia (\$3 million).

Finally, regional African organizations with security mandates such as the Southern African Development Council (SADC), ECOWAS, and the East African Defense Commission (EADC) need assistance for joint exercises and staff training. Like any combined military organization, such as NATO, these nascent African organizations need to train and to plan together. FY 2001 PKO funds will be allocated to set up planning conferences, to cover operating expenses for regional efforts and to transport men and material for various types of exercises (\$2 million).

AFRICA REGIONAL STABILITY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF ¹	2,900	2,034	18,000

National Interests:

U.S. interests in democracy, humanitarian assistance, economic prosperity and national security will be served by the new Africa Regional Stability program, which in FY 2001 will replace the East Africa Regional program. Regional stability is an essential prerequisite for economic and political progress. Instability in Africa today threatens to derail all hopes of encouraging investors, allowing free circulation of goods, services and people, and maintaining momentum during democratic transition. Regions in conflict include Ethiopia and Eritrea, Sudan, Angola, and the Democratic Republic of Congo, with the latter involving at least eight countries. At the same time, several other countries are or will be passing through significant periods of transition, either by ending ongoing conflict or ridding themselves of dictatorial regimes through elections, political pluralism and a more professional military. In a resource constrained era, it is critical that the United State's role be an indirect one, primarily of capacity building and facilitating ongoing African efforts to ensure regional security by themselves.

Objectives and Justification:

Our strategy is to help resolve existing conflicts and support peacekeeping in the short term, while simultaneously building an African capability to handle conflict and prevent crises well into the future. Our Africa Regional Stability Foreign Military Financing (FMF) program seeks to promote democratic transition in the armed forces of key states and to help Africans provide well-trained peacekeeping forces to conflicted regions as part of UN operations, or as part of regionally-sponsored operations such as the ECOWAS Monitoring Group (ECOMOG) in Sierra Leone.

The Secretary selected Nigeria, the most populous country in Africa with arguably the continent's largest and most active armed forces, as a focus country as it continues its transition to a democratically elected government. A stable, prosperous Nigeria is seen as an important key to stability on the continent. U.S. assistance will help Nigeria continue its democratic transition, facilitate human rights progress and maintain a lead role in peacekeeping on the continent. In this context, reestablishing dynamic military-to-military relations is a critical facet of our overall relationship. Civil-military training and aircraft parts and maintenance, as well as rehabilitation of Nigeria's barracks and training infrastructure are areas for bilateral cooperation through our FY 2001 Regional Stability program.

1. The amounts shown for FY 1999 and FY 2000 were funded under the "East Africa Regional" program.

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In FY 2001, we also plan to assist the Organization for African Unity (OAU) with Africa Regional Stability FMF to build and equip a Crisis Management Center within the OAU headquarters and to equip a Rapid Deployment Military Observer Force. FMF will help procure new material and maintain previously purchased equipment such as radios and vehicles in support of the OAU's expanding peacekeeping and mediation role throughout the continent.

President Clinton established the East Africa Regional Security Initiative in 1996 to help protect the United States from terrorist threats emanating from Sudan, and to help protect Sudan's neighbors equally threatened by the Khartoum regime. This Initiative was effectively implemented in its first two years. However, recently, events in the region have forced us to suspend our programs owing to the engagement of these partners in conflicts we do not support. We are now taking steps to assure that this cooperation can be renewed when hostilities cease in the Ethiopia/Eritrea dispute, and when Uganda disengages from DROC. We will also continue to provide non-lethal support to East African militaries to enable them to contain terrorism emanating from Sudan. This includes spare parts, training, and other logistical support for aircraft as well as communications equipment, personal clothing and equipment and similar items. Also, we are encouraged by steps taken by East African countries toward enhancing military interoperability through the East African Defense Commission (EADC). We believe that EADC capability can be enhanced through regional exercises such as Natural Fire, which focus on training as well as command and control at the brigade level. For under-resourced African countries, cost is a major issue in regards to conducting planning conferences or large-scale military exercises. Africa Regional Stability funds will allow the USG to support and to encourage these efforts.

FY 2001 FMF assistance will also be required to help ECOWAS maintain and train the most active and successful peacekeeping regional headquarters on the continent. These funds will be used to buy necessary equipment and spares for the ECOWAS headquarters and units and to help ensure military preparedness for peacekeeping, humanitarian response and other operations which support regional stability.

COUNTRIES IN TRANSITION
(**\$ in thousands**)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	10,000	20,000

National Interests:

The Countries in Transition program (sometimes referred to as Governments in Transition) serves U.S. democracy and humanitarian interests by supporting transitions from conflict to democratic rule. Because countries like Nigeria and Angola harbor energy resources critical to the United States, while others, such as the Democratic Republic of the Congo, would, if stable, receive increased U.S. investment and trade, The Countries in Transition program also serves the U.S. interest in economic prosperity by supporting key economic partners at critical moments, and by increasing the overall chances for democratic stability throughout the region.

Objectives and Justification:

U.S. efforts to promote economic growth, democracy and peace in Africa are often undermined by unexpected crises, such as the civil conflicts that erupted in Sierra Leone and the Democratic Republic of the Congo. On the other hand, sudden opportunities, such as Nigeria's transition to democratic rule, can arise -- finding the United States unprepared to mobilize timely support. When such crises and opportunities occur, the United States must be positioned to influence the course of events in key African countries through timely and tangible assistance.

A portion of the FY 2001 Countries in Transition ESF will be used for ongoing conflict resolution efforts, as well as for efforts in key countries where conflict could yet erupt. For example, FY 2000 funds may be used to support negotiations like the Burundi peace process in Arusha. Such support may include the work of U.S. envoys, conference costs, or technical assistance in drawing up agreements and accords. FY 2001 Countries in Transition ESF is likely to be programmed in consultation with Congress for ongoing conflict resolution in the Great Lakes region and the Horn of Africa.

Another portion of the FY 2001 Countries in Transition ESF will be used to support democratic transitions in countries emerging from conflict. For example, depending on the country, funds could be used to support a national political dialogue, party and NGO training, assistance with election administration, constitution drafting and dialogue, support for democratic civil-military relations, and post-election democratic institution building. Likely FY 2001 recipients of political transition assistance -- depending upon the outcome and timing of peace processes, and in consultation with Congress -- would be the Democratic Republic of the Congo, Sierra Leone, and perhaps Burundi or Angola.

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Finally, a portion of the FY 2001 Countries in Transition ESF could be used to promote economic stabilization in countries emerging from conflict, particularly in fragile democracies or countries undergoing a transition to democracy. Funds might be used to meet pressing needs in areas adversely affected by conflict, for balance of payments support, or for a UN Trust Fund. Possible recipients could include -- depending upon the timing and outcome of peace processes, and in consultation with Congress -- Ethiopia and Eritrea, Sierra Leone, the Democratic Republic of the Congo, or Burundi.

EDUCATION FOR DEVELOPMENT AND DEMOCRACY INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	4,500	3,000	3,000
DA	21,500	27,000	27,000
ESF	10,000	10,000	15,000

National Interests:

The Education for Development and Democracy Initiative (EDDI) launched by President Clinton in 1998 will serve U.S. democracy and humanitarian interests by enabling citizens to participate more fully in political and policy-making processes. The Education Initiative will also promote U.S. and African economic prosperity by building Africa's human capacity for broad-based economic growth, laying a more solid foundation for U.S. trade and investment.

Objectives and Justification:

The Education for Development and Democracy Initiative aims to improve the quality of, and technology for, African education in the 21st century. EDDI activities are innovative. They complement ongoing education programs and reforms being carried out by thirty African countries, the World Bank, and donor agencies, including USAID. Three major emphases are: (1) girls' education; (2) partnerships between U.S. and African -- and among African -- schools, universities and professionals; and, (3) local community resource centers housed in existing schools or libraries that can serve as a platform for infusions of technology, pilot projects to improve education, girls' mentoring programs, and school partnerships.

Child Survival and Diseases (CSD) funds for EDDI are programmed for primary-level education partnerships and activities. Development Assistance (DA) funds for EDDI support a wide range of partnerships at the secondary and university levels; community resource centers; pilot projects; leadership training; curriculum improvements; technology partnerships at all levels; and networking among -- as well as periodic consultations with -- the regional education ministers and experts. For example, partnerships funded with CSD and/or DA may, depending upon the recipient country's priorities, promote better teacher training, curriculum reform at all levels -- including implementation of the community college model -- computer literacy or use of the internet. USAID PL-480 funds contribute to EDDI school feeding programs designed to keep girls in school, and Peace Corps activities are coordinated to be supportive of EDDI activities across the region, especially girls' education and community resource centers.

Economic Support Funds (ESF) for EDDI are generally programmed for activities that include civic education and democracy networks managed by the State Department (formerly USIA), girls' mentoring activities and scholarships, and business training for students and young professionals. FY 2001 ESF for EDDI will continue to be programmed for such activities in consultation with African partners. For example, approximately \$4 million in FY 2001 ESF for EDDI will be programmed for U.S.-African policy and democracy exchanges, training and networks for legislators, members of the judiciary, government officials and civil society leaders. These networks will be managed by the State Department (formerly USIA). Approximately \$2 million in FY 2001 ESF will be programmed to support regional African policymakers' and professionals' partnership activities bringing participants from two or more countries together. At least \$5 million in FY 2001 ESF will be programmed for girls' scholarships and mentoring activities. Finally, approximately \$4 million in FY 2001 ESF will be programmed in support of training internships and best practices business workshops for African students and young professionals at U.S. companies in Africa.

GREAT LAKES JUSTICE INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	25,000	10,000	10,000

National Interests:

The primary U.S. interest served by the Great Lakes Justice Initiative (GLJI) are democracy and humanitarian assistance. The central African Great Lakes region has been plagued by serious communal ethnic violence, mass population displacement, and genocide. The United States has expended hundreds of millions of dollars responding to these humanitarian disasters. The benefits of a stable Great Lakes region are not only measured in humanitarian assistance dollars saved, but also in this resource-rich region's potential as a significant trading partner for the United States.

Objectives and Justifications:

FY 2001 Great Lakes Justice Initiative Economic Support Funds (ESF) programs in the Democratic Republic of the Congo (DROC), Rwanda, and Burundi will advance U.S. national interests by encouraging responsibility, promoting peace and reconciliation, and creating an environment conducive to democracy and economic growth.

If progress continues in the Burundi peace negotiations, FY 2001 GLJI ESF funding could be increased for justice activities. At this time, GLJI resources in Burundi target non-governmental organizations and grassroots groups working to improve human rights and build a civil society capacity to promote rule of law.

In Rwanda, FY 2001 GLJI ESF funds will be focussed on: (1) promoting the rule of law through support for the court system, training, equipment, public awareness of the genocide laws as they evolve, traditional legal processes, efforts to encourage ethnic diversity among lawyers and judges, and aid to the new National Human Rights Commission; (2) reconciliation through social and economic activities at the local level which promote cooperation and address the deprivation which lies at the heart of the cycle of impunity in the Great Lakes region; (3) encouraging citizen participation through supporting local elections; and (4) support for local elections in Rwanda.

FY 2001 GLJI ESF funds in the DROC will: (1) strengthen civil society institutions which promote human rights and improved rule of law systems; (2) create public awareness and demand for accountability in governance and improved human rights practices through civil education and the training of legal and media professionals, and (3) promote the process of the Congolese National Dialogue by supporting civil society participation.

ORGANIZATION OF AFRICAN UNITY (OAU)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	2,000

National Interests:

Armed conflict remains the greatest danger to Africa's stability and the welfare of its people. A vigorous and dynamic Organization of Africa Unity (OAU) capable of facilitating the resolution of armed conflicts will serve U.S. interests in national security, as destabilizing conflicts foster terrorist activity. Other U.S. interests served include the growth of global democracy and U.S. economic prosperity through increased African participation in the world economy. A vigorous OAU will also help avoid the need for costly intervention by the UN, the U.S. and other countries to resolve conflicts and their consequences. U.S. contributions to the OAU will focus upon maintaining the readiness of its Conflict Management Center (CMC) and observer force and supporting actual OAU efforts to facilitate the peaceful settlement of conflicts on the continent.

Objectives and Justification:

The OAU is a leading multilateral actor in conflict resolution for Africa and an exceptionally useful partner for our security and economic policy for the continent. The OAU fielded an observer force in the Comoros in 1998, drew up the framework agreement on the Ethiopia-Eritrea conflict and now stands ready to deploy observers once that conflict's cease-fire is finalized. The OAU has also played a major role in the Democratic Republic of the Congo (DROC) where it supports the Joint Military Commission that is implementing the Lusaka Peace Accord.

FY 2001 ESF for the OAU would support the OAU's ongoing conflict resolution efforts in the Horn of Africa, the Great Lakes, and if needed, in West Africa. ESF would be used to help defray the cost of demarcating and delimiting the Ethiopia-Eritrea border, and to assist the CMC to maintain its observer force and to monitor conflicts in Africa. ESF would also help finance training of personnel, maintenance of office equipment, subscriptions to news wire services and periodicals and other operational CMC expenses.

PARTNERSHIP FOR ECONOMIC GROWTH AND OPPORTUNITY IN AFRICA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	18,408	30,000	28,000
ESF	--	2,000	2,000

National Interests:

The primary U.S. national interest served by the Partnership for Economic Growth and Opportunity in Africa (PEGO) is economic prosperity. Other national interests served are democracy and humanitarian. PEGO provides the policy framework and programs that the USG will implement to pursue the Administration's highest foreign policy objective for Africa – the integration of African countries into the global economy. As an emerging market with over 700 million potential customers, and as a region that provides an increasingly large share of U.S. oil imports, Africa's importance to U.S. economic prosperity will be on the rise in the 21st Century. Through this program, we expect to help increase U.S. exports to Africa and see increased levels of U.S. direct investment.

Objectives and Justification:

Africa, a region of vast mineral wealth and natural resources, will be increasingly important to U.S. economic prosperity. U.S. trade and investments exceed those with the former Soviet Union and are growing, and we can reap the benefits of profitable investment in Africa during decades to come if we intensify our engagement in the region now towards the goal of opening markets. The United States will support opening African markets by working to enforce multilateral trade obligations and by advocating, and providing assistance toward, the elimination of barriers to trade and investment.

The Partnership for Economic Growth and Opportunity in Africa was launched by President Clinton in 1997. To promote economic development, PEGO establishes a range of incentives for African countries that embrace a market-oriented policy framework and accelerate reforms. Key elements are passage of the African Growth and Opportunity Act and USAID technical assistance to economic reformers (through the African Trade and Investment Program, or ATRIP), for which \$30 million has been requested in FY 2001 Development Assistance (DA).

Complementing our goal of opening African markets, the U.S. will work through PEGO Economic Support Fund (ESF) programs to increase U.S. exports of goods and services to Africa, both in absolute terms and as a share of the African market. The \$2 million in FY 2001 ESF requested for the Partnership for Economic Growth and Opportunity will be used, as in FY 2000, to expand USAID's Global Trade Network.

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(GTN) program, already active in other regions, into Africa. Working with TDA, OPIC and the Commerce Department, USAID's GTN program links the U.S. private sector to investment and trade opportunities in Africa through trade missions and other outreach activities. The President's Partnership ESF program will be managed by USAID in conjunction with TDA, OPIC and the Department of Commerce.

REGIONAL ORGANIZATIONS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	1,000

National Interests:

The primary U.S. national interests served by supporting the Regional Organizations Fund are humanitarian response, economic prosperity, and democracy and human rights. During her recent trip to Africa, Secretary Albright stressed the importance of strengthening regional institutions and efforts. Part of the U.S. strategy in Africa must be to build Africa's capability to handle African problems and promote African interests, and the best way to do that is through improving the capacity of regional organizations.

Objectives and Justification:

The United States would like to see all the African regional organizations make better progress in fostering economic integration. The goal of the Regional Organizations program is to provide technical assistance to such regional organizations as the Southern African Development Community (SADC), the East Africa Cooperation entity (EAC), the Economic Community of West Africa (ECOWAS) and the Intergovernmental Authority on Development (IGAD).

ECOWAS has been a key player in promoting regional stability and providing humanitarian response in West Africa. We should support other African regional organizations that are moving to do likewise in their particular regions. While ECOWAS has seen notable success in West Africa in the area of conflict resolution, it does not have a strong record of achievement in fostering sub-regional economic integration, and is working improve its performance in this area. On November 30, Kenya, Uganda and Tanzania signed the East Africa Cooperation (EAC) treaty, which will eventually include Rwanda and possibly Burundi, to promote regional solutions to regional conflict, develop shared resources, and help form a trading bloc. Efforts by these and other regional organizations require and deserve U.S. support.

Specifically, we will use FY 2001 Regional Organizations ESF funds to strengthen the institutional capacity of the organizations themselves and to help them design the kinds of initiatives and programs that will contribute to regional and global economic integration, especially to opening markets and harmonizing tariff structures. Adherence to WTO standards, and customs, border, and financial sector reforms that promote integration are some of the goals that will be pursued.

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	28,117	20,415	19,886
ESF	2,000	1,000	1,000

National Interests:

The United States supports the Southern African Development Community's (SADC's) drive toward regional integration as a means of enhancing the region's ability to prevent and resolve conflicts in southern Africa, to combat transnational threats, and to facilitate economic growth and democratic governance. The creation of a free trade area among the 200 million people of SADC's fourteen member countries would generate enormous potential for economic growth, trade and investment and thus contribute to U.S. economic prosperity. The United States seeks to strengthen SADC's capacity to act collaboratively in order to better able to resolve conflicts, to deter actions which undermine democratic governments, and to combat HIV/AIDS, drug trafficking and environmental degradation. This strategy reflects national interests in promoting democracy and securing cooperation on global issues which affect the United States.

Objectives and Justification:

The FY 2001 Development Assistance (DA) for USAID's SADC program (also known as the Initiative for Southern Africa) will target four areas: democracy and governance, economic growth, agriculture, and natural resource management. Formal democratic structures are in place in most southern African countries, but most lack a developed culture of democracy where citizens understand and exercise their democratic rights and hold governments accountable. USAID, working through indigenous partner organizations, will continue anti-corruption initiatives, support for civil society organizations and the independent media and improve capacity for organization of elections. USAID will continue to support the region's economic growth through programs which improve the efficiency of transportation and communication infrastructure, promote privatization and encourage trade liberalization. In the agricultural area, USAID will support regionally coordinated research targeted at improving food crop yields and drought resistance. Environmental degradation will be addressed through community-based natural resource management programs which lead to sustainable use of indigenous resources. Another important area of focus will be conflict prevention through promotion of cooperative use of trans-boundary water resources.

FY 2001 Economic Support Funds (ESF) will be used to enhance SADC's capacity to sustain and advance regional economic integration and market opening, as well as in

other areas which will be mutually agreed upon during the annual U.S.-SADC Forum. Other areas of cooperation could include enhancing the ability of SADC member states to work cooperatively to solve regional conflicts, improving management of shared natural resources, inhibiting the spread of infectious diseases and preventing environmental degradation. The conflict in the Democratic Republic of Congo (DROC) has led SADC leaders to re-examine how SADC might best organize itself to promote security in the region. SADC's development of an effective cooperative security model could help prevent as well as resolve conflicts in the region and possibly more broadly in Africa.

Without the distraction of persistent conflicts, SADC can take advantage of the benefits of regional economic integration to raise its living standards and lead Africa into the mainstream of the world economy. But regional integration, which entails freer flow of goods, capital and people, has brought with it more rapid transmission of infectious diseases and greater pressures on natural resources. These problems must be addressed in part at a regional level. Through engagement with SADC and by providing ESF funds for the SADC forum, the United States can position itself to benefit from greater stability and prosperity of the region while minimizing the adverse impact of integration.

One of the fastest growing problems in southern Africa is crime. Years of civil wars and wars of liberation have left the region awash with weapons in the hands of a generation untrained for the requirements of the job market. Managing the resultant crime without trampling on the liberties fundamental to successfully functioning democracies requires a new approach to crime fighting. For this reason, we are working with SADC and the association of southern African police chiefs (SARPCO) to establish an International Law Enforcement Academy (ILEA) in southern Africa using Africa regional International Narcotics Control and Law Enforcement (INCLE) funds.

SAFE SKIES FOR AFRICA INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	2,000	2,000

National Interest:

The Safe Skies for Africa Initiative will benefit U.S. economic prosperity and law enforcement. Africa's integration into the global economy will help increase U.S. exports and promote regional stability. The Safe Skies for Africa Initiative will foster this economic integration by improving aviation safety and security in Africa, thereby expanding opportunities for business travel and tourism. Improved airport security will also limit narcotics trafficking and weapons smuggling.

Objectives and Justification:

The Safe Skies program aims to support economic development (expanding tourism, facilitating business travel and increasing air cargo and trade opportunities), increase U.S. exports (commercial opportunities for U.S. companies in engineering and construction, aviation safety and security equipment, and consulting), curtail imports of illegal drugs, and combat international terrorism (through immigration and border control training).

Safe Skies will quadruple the number of sub-Saharan African countries that meet international standards for aviation safety oversight. It will improve airport security at eight to twelve airports, as well as upgrade regional air navigation services. Safe Skies survey teams visited Kenya and Cote d'Ivoire in FY 1999. In FY 2000, Tanzania, Cape Verde, Mali, Cameroon, and Namibia will receive their initial survey visits, and a Safe Skies team will make a follow-up visit to Kenya. In FY 2001, survey visits are planned for Angola and Zimbabwe, while follow-up visits will be made to three to four other participating countries.

The United States' role in Safe Skies is as a technical advisor to the participating African nations, who will use their own resources and outside assistance (private sector, multilateral development banks, and international civil aviation organizations) to implement the recommended improvements. FY 2001 ESF funds will support travel and per diem for the interagency surveys of African airports, and the development of work plans for airport improvements. Some of the funding will be used to provide training to local civil aviation authorities and air traffic controllers. ESF funds may also be used to publicize and promote U.S. industries' participation in Safe Skies, thereby increasing commercial opportunities in providing hardware, and construction and consulting services as part of Safe Skies.

EAST ASIA AND THE PACIFIC

**Bureau of East Asian and Pacific Affairs
Statement by
Assistant Secretary Stanley O. Roth**

Introduction

The East Asia and Pacific region plays a vital role in determining the peace, prosperity and well being of the American people, and accounts for nearly half the world's population, economic output and trade. The interests of four of the world's major powers, three of them nuclear weapons states, intersect in Northeast Asia. In the past decade, the trend toward democracy in the region has gained strength. The Philippines, South Korea, Thailand, Mongolia and Taiwan have consolidated their relatively young democracies. Indonesia, under authoritarian rule for thirty years, is in the midst of an historic democratic transformation. Our military, economic, and political engagement has been a key factor in creating and maintaining the environment for these positive developments.

Our primary objective is to ensure that no Asia Pacific state or alignment of states poses a strategic threat to the United States. To this end it is essential that we strengthen our critical alliance with Japan, seek to engage China in a constructive relationship, and deal effectively with the potential for instability on the Korean peninsula, particularly the spread of weapons of mass destruction and their delivery systems.

Our second objective is to promote economic prosperity and the opening of markets in the region, which are important not only for the American jobs created, but also to underpin peace and stability in the area. Three years after the onset of the Asian financial crisis, most affected economies have turned the corner, but continued efforts are required to maintain positive momentum. There is also a continued need to help maintain social safety nets while urging governments to avoid complacency in these areas. We must support reforms that will enable Asia Pacific countries to sustain long-term economic growth and prevent future crises.

Our third fundamental objective in East Asia is to promote the trend toward more open societies and democratic governments. Indonesia has been identified by the Secretary as one of four key countries undergoing a critical transition to democracy and in need of additional resources. Our efforts to foster democracy in Indonesia are designed to reinforce demands generated locally for good governance and greater respect for human rights.

U.S. Interests

National Security

Peace and security in East Asia and the Pacific are critical to the security of the United States and a *sine qua non* for economic prosperity of the region and the consolidation of democracy. We maintain nearly 100,000 military personnel in the region, a presence essential to maintaining stability, projecting American influence, assuring the credibility of our five bilateral alliances, and protecting key sea-lanes. The Korean Peninsula remains one of the world's most dangerous flash points; there are a number of other unresolved territorial disputes that could threaten stability; and historical animosities persist. We have built alliance relationships with Japan, the Republic of Korea, Thailand, the Philippines and Australia and have less formal security ties with Singapore, Brunei, Malaysia and other countries.

Our alliance with Japan, and the host nation support that underwrites most of the costs of our 47,000 troops stationed there, anchors our regional military presence. We have made significant progress in strengthening U.S.-Japan security ties through the revision of the guidelines for defense cooperation and the consolidation of our bases on Okinawa. Our treaty commitments to the Republic of Korea, where 37,000 American troops are stationed, play a key role in maintaining peace on the peninsula and help to create the environment for seeking more permanent solutions to North-South tensions through the KEDO program, the Four Party Talks, and North-South dialogue. The most critical funding requirement relates to our efforts to curb nuclear proliferation on the Korean peninsula. Under the Agreed Framework, the U.S. undertook to take the lead in arranging funding for Heavy Fuel Oil (HFO) to replace the energy lost when North Korea shut down its nuclear reactors capable of supporting plutonium production. Fifty million dollars in FY 2001 NADR funds is required to keep this vital program on course.

Following the tragic and accidental bombing of the Chinese Embassy in Belgrade, we negotiated with China to address bomb damage as well as for riot damage to U.S. facilities in China. We agreed to seek \$28 million to resolve claims by the Chinese government for property damage and associated costs arising from the bombing. (The agreed Chinese payment of \$2.87 million is contingent on the U.S. payment.)

In recent years, Foreign Military Financing (FMF) programs in the Asia Pacific region have been drastically reduced. It is important to reverse this trend if we are to maintain our network of defense and access arrangements in the region. The Philippine Senate's ratification of the Visiting Forces Agreement in 1999 is helping to strengthen the U.S. presence in the region by opening up ports to our visiting ships and encouraging closer military-to-military relations. In conjunction with increased access for U.S. forces, supporting the Philippine Government's much-needed military modernization efforts through EDA and \$2 million in FMF will contribute to regional stability and thus advance U.S. interests. In addition, security assistance funds are requested for an improved communications system (\$2 million) for Mongolian Troops monitoring borders with Russia and China.

IMET programs with many of the countries in Asia as well as with many of the South Pacific Island nations are important both to our mutual security and to ensuring civilian control over defense establishments. A request of \$5.6 million is included to continue these vital IMET programs in FY 2001, including E-IMET for Indonesia (\$400,000), and English language training in Laos and Vietnam (\$50,000 each), that would be directly related to the accounting for MIAs.

The United States will need to maintain substantial levels of funding for Public Diplomacy programs in order to promote peace and security through International Visitor grants as well as seminars, speakers, and other forms of exchanges.

For the longer term, we are supporting efforts to build a multilateral regional security framework. Since its inception in 1994, the 22-member ASEAN Regional Forum (ARF), the sole official, region-wide security forum, has fostered dialogue, transparency, confidence building, and cooperation across a broad spectrum of comprehensive security issues. The FY 2001 request includes \$250,000 in ESF funds to underwrite our contributions to the confidence building work of the ARF.

Economic Prosperity and Sustainable Development

U.S. goals are to accelerate the region's return to sustainable economic growth and to maintain momentum toward market opening. These efforts should increase U.S. trade and investment, create more high-paying jobs in America, strengthen U.S. companies, invigorate our economy, and reinforce U.S. leadership.

East Asia as a whole has turned the corner following the Asian Financial Crisis, although some individual countries are still in the economic doldrums. Even those countries well on the way to recovery must maintain momentum in reform efforts if they are not to backslide. We continue to work, both multilaterally and bilaterally, to help restore macroeconomic stability and long-term growth prospects by strengthening Asian financial systems, improving corporate governance, enhancing the transparency of regulatory and management systems, and engaging regional economies in efforts to improve the global financial system.

A sustainable growth strategy also calls for social investment. Well-targeted programs play a crucial role in cushioning the most vulnerable from economic dislocations and in restoring confidence. The United States is helping governments in the region to establish sound frameworks for long-term growth. USAID is administering a multi-year plan called Accelerating Economic Recovery in Asia (AERA), which will complement World Bank and Asian Development Bank programs. Members of the Asia Pacific Economic Cooperation (APEC) forum are exchanging information on innovative social policy practices. We are also working with the private sector, the real engine for economic growth.

Recovery of the Japanese economy is crucial to regional recovery, and we are urging the Japanese government to undertake the fiscal policies, financial sector reforms, and market opening steps necessary to get Japan's economy moving. With respect to Thailand, South Korea and Indonesia, the United States supports the programs of the International Monetary Fund (IMF) and multilateral banks to increase monitoring, improve good governance and transparency, and institutionalize necessary reforms. The \$8 million in ESF requested for AERA will provide technical assistance for institutional reform, improved governance, and greater transparency.

Indonesia is attempting an extraordinary political transformation, while at the same time trying to recover from a deep economic recession. Medium and long term economic and financial reform are critical requirements for Indonesian stability. Now that Indonesia has a government with democratic legitimacy, it needs to make and implement the tough choices to build a viable sustained recovery. In FY 2001, increased ESF and DA funds are required to work on economic reform, focusing on the financial sector, bank and corporate debt, and also including efforts on competition, anti-corruption, secured transactions and increased certainty for investors. Funds will encourage small business development, particularly through support for microfinance lending, and will continue to assist NGOs and universities involved in increasing public participation in the economic reform process.

For sustained growth, markets must be built as well as opened. The United States is working bilaterally and through APEC to put in place policies and practices to attract the foreign investment needed to build infrastructure and efficient capital markets and to eliminate regulatory barriers.

East Timor ranks as one of the poorest areas in Southeast Asia. Anti-independence militia destroyed most of the country's basic infrastructure. To compound these problems, East Timor has no central bank, no currency of its own, no functioning civil service, and no official language. Sustainable development in East Timor depends, in large part, on how quickly and effectively the conditions for stable economic growth are established. The United States is working to help quickly restore and expand productive economic activity in the coffee sector, East Timor's only significant export.

To sustain trade and investment, we support U.S. business through embassy assistance and programs such as TDA, EXIM, OPIC and the US-Asia Environmental Partnership (US-AEP). We work to open markets by reducing tariff and non-tariff barriers and by eliminating investment restrictions.

We also support China's accession to the World Trade Organization (WTO) at the earliest possible moment, now that the U.S. and China have concluded bilateral negotiations on agreed terms for China's market opening. Accession to the WTO will increase the access of the Chinese people to ideas and information, encourage further economic reform, and advance the rule of law. Passage of legislation to grant China Permanent Normal Trade Relations (PNTR) is critical to our trade policy. With PNTR,

American businesses, farmers, and laborers will be able to realize the full benefits of China's admission to the WTO.

Not all countries in the region have shared in the economic growth. Pockets of underdevelopment remain in Mongolia, the South Pacific island states, and the former Indochina countries of Cambodia, Laos and Vietnam. Mongolia is moving toward a market-based economy and will continue to require foreign assistance to bolster and institutionalize reforms. We will put a part of the \$12 million in ESF for Mongolia and the \$5 million in ESF for the Philippines into programs to promote privatization, transparency, and other market-oriented mechanisms. Many of the South Pacific island nations, where we have political and economic interests, are still struggling toward economic self-sufficiency. Our support for their broad-based growth efforts requires sustained resources. In accordance with the 1988 South Pacific Multilateral Fisheries Treaty, which ensures sustainable management of fisheries resources and ensures continued access for U.S. fishing vessels to Pacific Ocean fishing areas, the U.S. contributes \$14 million in ESF to 16 governments of the Forum Fisheries Agency.

Democracy, Human and Worker Rights

Societies in the region are evolving politically at a swift pace, and many increasingly share our interest in human and worker rights and the spread of democracy and the rule of law. We have a three-pronged strategy, which includes use of the Bureau's regional democracy funds (\$5 million in ESF) and the regional women's rights funds (\$4 million in ESF) in addition to bilateral programs. Through the Bureau's regional women's rights funds, the United States will implement a coordinated effort to reduce violence against women and promote women's political participation as well as combat trafficking of women and children. Public Diplomacy and the Asia Foundation's programs will continue to be vital to the development of civil society, rule of law and democracy in the Asia Pacific region.

In places where democracy is being consolidated, we need to provide resources to support the process. We will devote a portion of the ESF for Indonesia, Mongolia, and Cambodia, to deepening and broadening democratic institutions and practices. In Indonesia, assistance in FY 2001 will build on that provided in FY 2000 to strengthen key government institutions and civil society organizations. In Mongolia, funds will be used to help establish the foundation for an effective rural civil society and improve the effectiveness of the parliament and the judiciary.

As a signatory to the Paris Accords, the United States has an abiding interest in supporting the conditions for enduring peace, sustainable economic development, and democratic institutions in Cambodia. We plan to use the \$20 million in ESF to bolster NGOs -- the foundation for grassroots democracy -- to strengthen to National Assembly, to ensure fair communal elections, and to begin addressing long-term education and health needs so Cambodian democracy can thrive.

Global Issues

The East Asia and Pacific region enjoys some of the world's most environmentally significant assets, from the deserts of Mongolia to the estuaries of the Mekong River and from the rain forests of Borneo to the coral reefs of the South Pacific. It also suffers from air pollution, illegal logging, over-fishing, forest fires, and freshwater shortages that are compounded by overpopulation and poverty. No other region is as critical to securing our global environment agenda. For example, China's willingness to mitigate its greenhouse gas emissions is crucial to addressing climate change effectively. Japan, Australia and New Zealand are key allies on environmental issues, and active U.S. involvement in the Association of Southeast Asian Nations (ASEAN), APEC and the Pacific community advances our global environmental objectives. In FY 1999, we expanded on the previous year's initiative on forest fire and haze prevention by including projects in coastal resource management. We seek \$6 million in ESF in FY 2001 for the East Asia and Pacific Environmental Initiative to continue to address the environmental challenges facing the region and to improve sustainable management practices in step with our national security, trade and other strategic goals.

The United States is a partner with Japan in "The Common Agenda," one of our most extensive programs for international cooperation on environment, health, and science and technology issues. Within APEC, ASEAN and the Pacific community we continue initiatives on cleaner production, clean oceans, and sustainable cities. We are cooperating in the fight against infectious diseases, focusing on basic public health and improving preparedness and response capabilities. The United States is working to eradicate polio through the Common Agenda with Japan and in direct efforts with China. HIV/AIDS, cholera, dengue fever, malaria, and multi-drug resistant tuberculosis are other diseases against which we are marshaling efforts. Within congressional constraints, we are advocating and supporting sustainable population policies and programs to increase adoption of voluntary and safe methods of family planning. There is a particularly important linkage to advancing education and equal opportunities for women and girls as a means of preventing trafficking within and from the region.

The humanitarian demining effort in the Asia Pacific region is a proven success with over two million square meters of land cleared and over 500,000 mines and pieces of unexploded ordnance destroyed in Cambodia alone. Similar success has been achieved in Laos. A new demining program has been established in Thailand.

Law Enforcement

To minimize the impact of international crime on the United States and its citizens, we seek increased actions by governments in the region to combat money laundering, other financial crimes, alien smuggling, drug trafficking, and corruption. We will work with others in the region to address more actively the issues of good governance and corruption. The U.S. is negotiating a series of mutual legal assistance treaties. We will work to support strategic counter-narcotics assistance to include improved cooperation in crop substitution, in countering money laundering, and in continued efforts to train and

cooperate with regional anti-drug authorities. In this regard, we will support our International Law Enforcement Academy in Bangkok, which will train law enforcement and counter-narcotics officials from the region. To support bilateral U.S. efforts in this area, we are requesting \$4.5 million for International Narcotics and Crime (INCLE) programs, mainly for Laos and Thailand. We are also increasing our engagement in bilateral and multilateral activities to expand knowledge of counter-terrorism resources and methods, stimulate information sharing, and enhance cooperation during terrorist incidents.

Conclusion

The programs that support our interests in the East Asia and Pacific region rely on resources provided mainly outside the State Department's International Affairs budget. For example, the Defense Department funds our military presence in the region, and Treasury, USTR, EXIM, OPIC, USDA, Commerce, Energy, and the Environmental Protection Agency (EPA) provide funding for trade, financial, environment and science activities in the region. By comparison, State and USAID have relatively small amounts to draw on to support our short- and long-term policy objectives. It is therefore important to make targeted increases in order not only to pursue ongoing programs, but also to respond to new challenges and opportunities in the region.

The United States finds itself in a relatively strong position in the Asia Pacific region. We have banked much good will over the past several decades. The countries of the region, with very few exceptions, welcome our military presence as essential to the region's stability. U.S. economic involvement is the key to regional growth, and democratic values and institutions are on the upswing. At the same time, we cannot take the region for granted. The United States needs to stay fully engaged, politically, economically, and militarily to achieve the President's vision of a Pacific Community. This requires resources in the form of a substantial and effective diplomatic presence and appropriate assistance programs.

All EAP posts need significant resources to keep up with hugely expanding consular workloads, to pay for communication technology, and to keep up with the increasing costs of doing business. Greater resources are still needed to bring our mission capabilities in China in line with the importance of that relationship. During FY 2000, we have responded to developments in Indonesia and East Timor by initiating steps to create a diplomatic presence in East Timor, reopen a consular post in Medan and increase our staffing in Jakarta. Maintaining two new posts and a larger mission in Jakarta will continue to be a drain on our operations elsewhere in the region during FY 2001 unless additional positions are established to offset those shifted to Indonesia.

The Asia Pacific region's importance to U.S. national interests continues to grow, but as our resources shrink, our ability to protect and advance American interests in this critical region is undercut.

CAMBODIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	10,000	10,000	20,000
IMET	--	--	100
NADR	1,500	2,580	2,600
DA	800	--	--
CSD	3,600	3,550	--

National Interests:

As a signatory to the 1999 Paris Accords on Cambodia, the United States has an abiding interest in promoting the conditions for enduring peace, stability and democratic development in Cambodia. Nurturing democratic development in this impoverished nation, which is new to the democratic experience and lacking in human and institutional resources, is a complex and long-term process. The level and nature of our assistance program depend in part on the Cambodian government's progress towards genuine democracy and respect for human rights. Pursuant to current legislative restrictions, funds from the Foreign Operations Appropriations Act are not used to aid the central government of Cambodia.

Objectives and Justification:

Since 1997, assistance to Cambodia has been funneled exclusively through non-governmental (NGOs) and international organizations. Program areas include assistance to organizations engaged in democracy building and strengthening civil society, health care needs such as maternal/child health and HIV/AIDS prevention, humanitarian demining and aid to mine survivors, and micro-enterprise loans. Due to budget constraints, ESF assistance in FY 2000 was prioritized in favor of the democracy/human rights and health care sectors.

In FY 2001, U.S. support will aim to sustain our engagement with domestic NGOs working specifically in the areas of human rights and creation/protection of democratic institutions. Organizations receiving U.S. assistance address such issues as domestic violence, legal education, labor rights, government transparency, rights of women in society, rule of law training, corruption and public accountability, an independent press, and legal assistance to the poor. NGOs will also engage all levels of government and society to help plan, monitor and implement Cambodia's first-ever local elections in early 2001.

Cambodia's high birth rate is enough to double the population in 25 years. In FY 2001, funds will also be used for programs to reduce Cambodia's birth rate and high infant and maternal mortality rates, and to reduce the high rate of death from preventable

diseases, including HIV/AIDS, by spreading health information and education. The Reproductive and Child Health program provides services to over 120,000 women and children each year, and has doubled contraceptive use in the last three years.

Cambodia's economy has been crippled by almost two decades of war and a failed ten-year experiment in socialist central planning. U.S. assistance in this sector would focus on small-scale loans aimed at developing the country's private sector. Micro-enterprise programs, supporting credit for the rural poor (80 percent of Cambodians), target women in particular.

International assistance is vital to Cambodian efforts to remove the estimated five to eight million anti-personnel mines in the country. As a result of land mines, Cambodia has a higher proportion of amputees in its population than any other country, and \$2 million in ESF funds will aid war victims. Using NADR funds, de-mining training and equipment for the armed forces have been a core element of U.S. humanitarian assistance.

Finally, \$100,000 in IMET funds will be used for human rights and rule of law training to help professionalize the Royal Cambodian Armed Forces so it will either withdraw from politics or at least become neutral participants. Funds will also be used to provide training to officers which would help them contribute to regional stability and play an effective role in transnational law enforcement issues (narcotics, human trafficking, and protection of land and natural resources) that impact on governance and the rule of law. Cambodia will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support humanitarian assistance efforts to include de-mining. As a matter of policy, resumption of IMET and provision of EDA are subject to the lifting of restrictions against Cambodia.

PAYMENT FOR CHINESE EMBASSY BOMBING
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	28,000

Justification:

The tragic and mistaken bombing of the Chinese embassy in Belgrade was an exceptional circumstance. The embassy of another country was mistakenly targeted and then completely destroyed, resulting in the deaths and injuries of Chinese nationals and significant property damage.

Negotiations between the United States and China were held to address riot damage to our diplomatic and consular facilities in China, as well as the bomb damage to the Chinese Embassy in Belgrade. The eventual result of our negotiations was an agreement to seek funding from Congress of \$28 million for property damages and other expenses incurred by the Chinese government arising from the loss of its embassy, and a separate agreement whereby China will, in conjunction with our payment to them, provide us \$2.87 million for our damage.

This will be a one-time payment, resolving any and all related claims by the Chinese government for property damage and associated costs arising from the bombing. The \$28 million covers the cost of rebuilding the Chinese embassy, temporary lodging and workspace, items destroyed in the building such as furnishings, equipment, and cultural objects, as well as the costs associated with sending an emergency mission to tend to its dead and injured nationals. Similarly, the \$2.87 million payment from the Chinese Government would fully cover all U.S. claims for damage sustained to U.S. properties in the aftermath of the Belgrade incident. This figure accurately reflects the costs associated with replacement and repair of damaged U.S. diplomatic property.

EAST TIMOR
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	6,500 ¹	25,000	10,000
PKO	--	8,500	18,000

National Interests:

The United States has important political, security and humanitarian interests in supporting East Timor's transition to independence. For democracy, rule of law, and stability to permanently take hold in East Timor, the United States must continue to support the development of stable political and economic infrastructure in East Timor. In August of 1999, the East Timorese people elected through an UN-administered vote to separate from Indonesia, an event that will eventually lead to the emergence of a new nation in Southeast Asia. The UN Transitional Administration in East Timor (UNTAET), working closely with the East Timorese, is overseeing the territory's transition to full independence, a process that will take several years. The United States will continue to help the East Timorese during this transition period with assistance aimed at humanitarian relief, reconstruction, capacity-building, and economic recovery. Our goal is the emergence of a viable, democratic East Timor, which is integrated politically and economically into regional and global structures and markets.

Objectives and Justification:

In January 1999, Indonesia unexpectedly reversed its longstanding policy and proposed that East Timor be allowed to vote on an expanded autonomy package. In May 1999, as part of UN-sponsored negotiations, Indonesia and Portugal agreed that a vote on autonomy would be held under UN auspices. In June the UN Security Council established the United Nations Mission in East Timor (UNAMET) to supervise the vote and oversee the implementation of its results. In August of 1999, the East Timorese voted overwhelmingly to reject autonomy and separate from Indonesia. Military-backed, pro-integration militias responded to this outcome with a rampage of violence, abuses, and destruction that resulted in hundreds dead, and tens of thousands displaced. Unwilling or unable to halt the violence, the Indonesian government accepted an international offer to restore order, and in September the UN Security Council authorized the deployment of a multinational coalition called the International Force in East Timor (INTERFET). In October 1999, the Indonesian legislature recognized the result of the East Timor vote, and the UN Security Council established the United Nations Transitional Administration in East Timor (UNTAET), with a mandate to administer the

¹ Excludes \$1.297 million in FY99 unallocated ESF and \$3.25 million in prior year ESF provided for East Timor during FY 1999.

territory, establish the capacity for self-government, sustainable development, and civil society, and provide security.

The objective of U.S. assistance for East Timor is to facilitate the emergence of that nation as a viable democracy. The United States has assumed a substantial financial commitment in support of multilateral action so far throughout this process. In FY 1999, we contributed \$9 million to help fund UNAMET's operations and provided 30 U.S. civilian police to help maintain order during the referendum period. To assist developing country participants in INTERFET, President Clinton authorized the drawdown of up to \$55 million in U.S. defense articles and services. Since 1999, State and USAID have contributed more than \$50 million in humanitarian assistance to East and West Timor. In addition, in FY 2000, through the Contributions for International Peacekeeping Activities (CIPA) account, we expect to pay an estimated \$197 million in UN peacekeeping bills related to UNAMET and UNTAET.

To respond to urgent requirements arising from the immediate post-conflict situation in East Timor, in FY 2000, we will also provide approximately \$35 million for programs that can rapidly support the development of East Timorese civil society, aid economic recovery, build the capacity of new democratic and economic institutions, and support the maintenance of a secure environment. FY 2000 ESF funds will allow USAID to expand its existing coffee farming initiative and the Office of Transition Initiatives (OTI) to implement new community-led development projects to build East Timor's capacity for self-government. By contributing to the UNTAET Trust Fund, the United States will help to ensure that basic services continue in East Timor and that the East Timorese develop the skills to provide them. The U.S. contribution to the World Bank Trust Fund will strengthen international donor coordination and aid multilateral efforts to create a self-sustaining economy in East Timor over the long term. ESF funds will also focus on human rights, forensics, and judicial sector capacity development. FY 2000 PKO funds will allow the United States to continue to provide civilian police as part of the UN mission and to begin to assist in the development of a local police force capacity.

In FY 2001, we plan to continue to assist the East Timorese with their transition to independence. Our request for \$10 million in ESF and \$18 in PKO funds will allow us to continue to fund a substantial level of development activities, maintain an increased U.S. civilian police presence, help to recruit, train, advise and equip a new East Timorese police force capable of functioning once the UN Administration ends, and contribute to ongoing efforts to establish critical judicial functions. By FY 2001, other donor support and multilateral assistance is also expected to be in place to help meet these and other critical requirements for East Timor. The United States will also continue to provide humanitarian assistance as required, as well as support for UNTAET.

FIJI
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	15	150	160

National Interests:

The United States has economic and security interests in Fiji. U.S. trade and investment help promote broad-based growth and sustainable economic development. The United States has relied on Fiji as an important partner in peacekeeping operations throughout the world. Until Australia and New Zealand assumed a major role in the International Force in East Timor (INTERFET), Fiji held a twenty-year record as the leading contributor of peacekeeping forces in the entire Pacific region. U.S. Air Force aircraft have used Fiji as a base for space shuttle and satellite testing support flights since 1990.

Objectives and Justification:

Democracy in Fiji was ended by a military coup in 1987, caused by the refusal of ethnic Fijians to accept a government perceived as dominated by Fijians of Indian descent. In May 1999, Fiji held free and fair elections under a new, multi-ethnic constitution, which resulted in the restoration of Fiji's eligibility for security assistance funds.

Since 1978, over a third of Fiji's military forces have participated in peacekeeping operations in Lebanon and the Sinai -- alongside U.S. troops. They have also served as peacekeepers in Zimbabwe/Rhodesia, Afghanistan-Pakistan, Somalia, and Rwanda. Starting in 1999 Fiji joined regional nations in sending peace monitors to oversee the truce in the Solomon Islands. Fiji contributed 190 troops to INTERFET in East Timor starting in January 2000.

IMET funding in FY 2001 will continue to provide professional education and training for Fiji's Defense Force with emphasis on respect for human rights, civilian control over the military and military justice. In particular, as in the past, IMET funds will be used to provide Fiji's troops with instruction in technical military English, professional military education, and noncommissioned officer training. Fiji will also be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will further enhance Fiji's capability to contribute to international peacekeeping efforts.

INDONESIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	5,300	23,000	50,000
DA	38,606	53,050	61,075
CSD	13,450	18,950	18,925
IMET	486	--	400

National Interests:

The United States has critical security, political, and economic interests in Indonesia. Indonesia's size and location, 200 million plus population (fourth largest in the world), and natural resources (notably oil and gas) give it broad strategic value. A stable and prosperous Indonesia is integral to regional stability in Southeast Asia.

We have vital strategic and economic interests in maintaining access to the international sea-lanes and straits that pass through Indonesian waters. The largest member of the Association of Southeast Asian Nations (ASEAN) and a founder of the ASEAN regional forum on security issues, Indonesia is active and generally supportive of U.S. diplomatic initiatives, and has played an important role in helping manage regional conflicts. Indonesia's regional and global influence – manifested through its leadership roles in the United Nations, the Non-Aligned Movement, the Organization of the Islamic Conference, and the G-77 – is considerable, and a force for moderation.

Indonesia is in the midst of a wrenching transition from the authoritarianism of the Soeharto era to reconstruction as a democratic society, the outcome of which is still uncertain. The achievement represented by last year's democratic elections, the first in a generation, is inspiring and at the same time ephemeral. Popular expectations are enormous, and the new government's institutional ability to meet them has been undermined by decades of neglect and corruption. Regional tensions are high. The government remains vulnerable to a variety of destabilizing risks from within and without. The economic situation can best be described as one of fragile stability.

That it is in the U.S. interest to see the Indonesian government succeed in this transition is self-evident given the seriously detrimental effects of all the conceivable alternatives. Our budget request reflects this reality, and we are not alone in this undertaking. Our principal partners – Japan, Australia, Germany, the United Kingdom, Canada and the EU – are all reinforcing their assistance programs, as are the international financial institutions.

Objectives and Justification:

Indonesia is one of four key countries the Secretary has identified as undergoing a critical transition to democracy and in need of additional resources. In FY 2001, ESF and Development Assistance (DA), including funds from USAID's Accelerating Economic Recovery in Asia (AERA) initiative, will be used to help the new Indonesian government and local NGOs create or strengthen institutions critical to democratic and economic reform.

Measurable progress in many areas relating to democratic governance is already apparent. Indonesia's civil society is blossoming. The previous government established a political reform timetable, which resulted in new legislative elections, the selection of a new president and vice-president, and a coalition cabinet that includes a number of reformers. The new government has indicated its willingness to take on complex economic, political, social and natural resource issues. The Parliament is working on reform legislation aimed at a more democratic electoral framework and political laws. However, a number of crises continue to afflict this nascent democracy, including social unrest, ethnic, class and religious conflict; separatist movements; corruption; social welfare needs; natural resources degradation; and uncertain protection of human and property rights.

FY 2000 and FY 2001 ESF and DA resources will permit the United States to support reform within the government and to strengthen the key processes and institutions required for good governance. For example, USAID programs will work with national and local parliaments to improve their capacity for research and analysis and to draft legislative and constituent communications. They will also provide training for political parties and for newly elected parliamentarians to enable them to be responsible, accountable, transparent, and active participants in the governance of the country. Programs will work with government organizations and independent regulatory agencies on improved governance; support media and advocacy groups; and help promote human rights, ethnic and religious tolerance, and conflict resolution and reconciliation. Funds will provide for technical assistance in judicial sector reform, including assistance in developing professional and competent legal organizations.

ESF and DA funds will also be used to back the IMF economic stabilization and structural reform program, which provides a framework for the country's return to durable broad-based economic growth. USAID, supported by the Department of Treasury, will continue work on economic reform, focusing on financial sector, bank and corporate debt, as well as efforts to improve policies on competition, anti-corruption, secured transactions and increased certainty for investors. It will also encourage small business development, particularly through support for microfinance lending, and will continue to assist NGOs and universities involved in increasing public participation in the economic reform process.

Through DA and Child Survival (CSD) funds, USAID's health program will continue a focus on the most vulnerable, protecting poor women and children by

improving access to essential primary health services, supporting monitoring systems to improve efficiency of resource allocation, and encouraging better health information and nutrition.

The Indonesia IMET program is aimed at improving the Indonesian military's professionalism and discipline. It also heightens the Indonesian military's awareness of principles of good civil-military relations and international human rights standards and could reinforce the military's commitment to reform. In addition, this assistance recognizes Indonesia's key role on regional security issues, and helps to ensure U.S. access to Indonesia's airspace and strategic sea-lanes. The IMET program was suspended in 1999 in the aftermath of military human rights abuses in East Timor. By FY 2001, we hope to achieve resumption of a modest Expanded IMET program.

LAOS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	3,700	4,000	4,200
NADR	1,800	1,486	1,500
IMET	--	--	50
DA	2,300	--	--

National Interests:

The United States has four primary interests in Laos, one of the ten poorest countries in the world: ensure the fullest possible POW/MIA accounting; further counter-narcotics efforts in the Golden Triangle; encourage the transition of the Lao economy from a command economy to an open, market-oriented system; and promote human rights.

U.S. assistance to Laos is consistent with several international affairs strategic goals, including combating illegal drug trade, facilitating humanitarian assistance, and promoting regional stability.

Objectives and Justification:

Laos has the distinction of being the most heavily bombed nation, on a per capita basis, in the history of warfare. Scores of Lao are killed and maimed annually by unexploded ordinance. In FY 2001, NADR demining funds will continue to provide training and equipment to move the Lao program of unexploded ordinance removal toward achieving eventual self-sufficiency. Though significantly trailing Burma and Afghanistan, Laos is the world's third largest producer of illicit opium. INCLE funds focus on helping Laos achieve the elimination of opium poppy cultivation and the suppression of illicit trafficking of narcotics and precursor chemicals.

The U.S. government is seeking to increase cooperation on POW/MIA matters and demining with Laos and to encourage Laos' interaction within the Association of South East Asian Nations (ASEAN) and the ASEAN Regional Forum. To facilitate this, as well as to promote our POW/MIA accountability efforts, IMET funds are being sought to expand the small pool of English-speaking Lao military officials. Laos will be eligible in FY01 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics goals, the fullest possible accounting of missing personnel from the war in Southeast Asia, and demining.

MALAYSIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	713	700	700

National Interests:

The United States has important economic, political, and security interests in Malaysia. Malaysia is our 12th largest trading partner and continues to be an important market for U.S. goods and services. We also have a strong interest in supporting the strengthening of democratic institutions in Malaysia. Malaysia is a key member of the Association of Southeast Asian Nations (ASEAN), the Organization of Islamic Conference (OIC), and currently holds a rotating seat on the UN Security Council. Malaysia borders one of the world's most important maritime waterways, and routinely grants the U.S. military transit rights over Malaysian territory and access to Malaysian ports and airfields.

Objectives and Justification:

IMET funds for Malaysia have served U.S. interests such as the formation of good working relations with the Malaysian military. The Malaysian military shares U.S. fundamental values about the military's role in society, and military-military/civilian-military cooperation is broad, open, and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's current Chief of Army is a 1986 graduate of the U.S. Army Command and General Staff College in Fort Leavenworth. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights.

IMET programs also enhance Malaysia's ability to participate in international peacekeeping activities. Malaysia has sent peacekeeping troops to Bosnia, military liaison officers to Kosovo, and additional military personnel to serve with the UN International Force in East Timor.

In FY 2001, IMET funds will help continue to strengthen our military-to-military ties, and to familiarize the Malaysian military with U.S. doctrine, equipment, and management techniques. They will also reinforce the Malaysian military's commitment to human rights and good civil-military relations, and help expand U.S. access to and cooperation with Malaysian military leaders. Although the global financial crisis has slowed Malaysia's military procurement plans, we expect Malaysia to look to the United States for future purchases as economic recovery takes place.

East Asia and the Pacific

Malaysia will be eligible in FY 2001 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities, including the provision of communications systems, training aids and equipment.

MONGOLIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	6,000	12,000
FMF	--	--	2,000
IMET	429	500	525
FSA	10,000	6,000	--

National Interests:

As the first communist country in Asia to simultaneously reform its economy and political system, Mongolia provides an important example to all of Asia. The United States has a clear national interest in supporting Mongolia's transformation into a secure, democratic and stable country that can positively contribute to the security and prosperity of the Asia-Pacific region. Situated strategically between China and Russia, Mongolia needs U.S. assistance to foster its rapid transformation into a market-oriented democratic society.

In FY 2001, the Mongolian government faces the challenge of following through on economic and structural reforms that will determine its path of development over the next decade. It is in the U.S. interest to provide support for projects that will enhance Mongolia's ability to act responsibly and independently in the regional economy and participate in regional fora that address security, narcotics, transnational crime, environmental protection and other issues of importance to the U.S. For the long term, the U.S. goal to help Mongolia become a nation that is not donor-dependent can only be reached by a commitment to provide assistance and counsel during this critical period.

Objectives and Justification:

U.S. assistance to Mongolia helps to establish a market-oriented and democratic society by accelerating and broadening environmentally sound private sector growth and consolidating Mongolia's democratic transition. Demonstrating its commitment to the development of democracy and a market economy, the government continues to pursue aggressive reforms. Thus far reform policies have focused on sound macroeconomic management of the economy and key issues in the banking, power, and pension sectors.

U.S. assistance contributes to sustainable economic growth through programs targeted at market and agricultural development, human capacity development and democratic institution building. Funds also help overcome obstacles to growth, including undeveloped transportation and energy supply systems, inefficient public and state-run institutions, inadequate judicial and law enforcement services, and inexperienced civil society organizations.

For FY 2001, \$8.7 million in ESF will fund programs to (1) transfer productive assets to the private sector; (2) increase the efficiency of financial markets; (3) improve the business environment; and (4) improve the management of natural resources. The successful implementation of these programs will lead to longer-term banking sector, tax policy, administration, regulatory and debt management reforms. Another \$2 million would be dedicated to help to reform the judiciary. The remaining \$1.3 million would be used in population, health and human capacity development programs.

The U.S. and the Mongolian Ministry of Defense have identified communications resources as the most critical infrastructure requirement in the border areas. FY 2001 FMF funding will provide basic communications equipment to the border troops allowing the border posts to communicate with their regiments and allow the Mongolians to respond to border incursions and natural disasters in a timely manner. This project will greatly reduce the number of cross-border violations as well as support regional stability and rule of law within the region. It is imperative that Mongolia be able to protect and maintain its own borders – Mongolia's border with Russia is over 3,500 kilometers long and its border with China is over 4,500 kilometers.

The promotion of civilian control of the military, military justice, respect for international human rights standards and preparation for participation in peace-keeping operations are key objectives for continuing IMET training for Mongolia's armed forces in FY 2001. Mongolia is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used toward the U.S. objectives of supporting Mongolia's self-sufficiency, disaster management, humanitarian assistance/relief, and to promote closer ties to the U.S. military.

PAPUA NEW GUINEA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	156	175	180

National Interests:

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and from the country's status as home to one of the world's greatest remaining tropical rain forests and biodiversity reservoirs. PNG is the largest and most populous island nation in the South Pacific and neighbor to the troubled Indonesian province of Irian Jaya. U.S. goals include strengthening democratic institutions, assisting with development of disaster relief capabilities, supporting peaceful transition from civil strife to rule of law in Bougainville island province, supporting the nation's pursuit of a free enterprise tradition, and fostering stewardship of diverse natural resources. The benefits of a stable, lawful and prosperous PNG include reduced prospects of human rights violations, environmental degradation, and international organized crime.

Objectives and Justification:

Secessionist insurrection isolated the island of Bougainville for more than ten years. Today, the former belligerents are working to establish an autonomous provincial government of reconciliation under unarmed regional peace monitors and a small UN political office. The PNG armed forces retain a small presence on Bougainville, and their cooperation will be necessary for any lasting settlement on the island. FY 2001 International Military Education and Training (IMET) programs will help continue to build a more professional and better-disciplined PNG Defense Force, improve the force's capability to monitor and detect illegal fishing and to apprehend persons and vessels engaged in such fishing. The IMET program provides professional education and training to the PNG Defense Force with emphasis on human rights, civilian control over the military and military justice. PNG is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support U.S. objectives of more professional and effective forces and will enhance the PNG Defense Force's capability to remove and neutralize unexploded ordnance on Bougainville and at World War II sites throughout the country. Transportation, demining, training aids and patrol craft are top priorities.

PHILIPPINES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	5,000
FMF	1,000	1,000	2,000
DA	22,750	22,500	30,100
CSD	4,400	7,200	9,900
IMET	1,348	1,400	1,400

National Interests:

The United States has important security, commercial and political interests in the Philippines, a treaty ally that straddles important air and sea-lanes. As a nation-state committed to democratic political principles and confident in its exercise of regional leadership, a stable Philippines is an important force for stability in Southeast Asia. The Philippines is committed to close relations with the United States in support of regional peace and security in Southeast Asia. It seeks to promote regional economic and political cooperation through the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum and APEC. The Philippines remains an attractive and growing market for U.S. investments and exports. The government continues to make structural reforms that are based on market principles and designed to integrate it into the world economy, as well as to improve the living standards of its people and provide them with a social safety net.

Objectives and Justification:

The U.S.-Philippines partnership for democracy and development is a shared commitment addressing mutual economic, social and global issues. For FY 2001, Development Assistance (DA) programs in the Philippines will support wider participation in public policy and foster the continued development of civil society. Broader efforts to use development aid to foster economic stability have helped set the stage for another peaceful transition of power with universal acceptance of the results of nation-wide elections. Child Survival (CSD) funds will support child health and family planning, reducing the fertility rate, improving maternal and child care services, and reducing infant mortality significantly. CSD programs to counter the spread of AIDs have also been notably effective, as have broader efforts to improve the health of vulnerable segments of the population.

Economic Support Fund (ESF) resources will provide the expertise to improve the economic policy environment for U.S. companies to export to the Philippines. Policy reforms encouraged by the United States have contributed to increased trade and investment and to the further opening of the telecommunications and energy sectors to

U.S. companies. DA funds also work to foster broad-based economic growth by improving the policies, the social safety net, and the environment.

International Military Education and Training (IMET) funds help contribute to overall regional stability. Specifically, in FY 2001, funds will be aimed at positively influencing the Philippine military's professionalism and discipline. In past years, IMET training also helped further entrench civilian control over the military, contributing to a definite decline in the number of reported incidents of human rights abuses. The steady advancement of IMET graduates helps ensure the continued understanding and cooperation of the Government of the Philippines on U.S. views toward regional issues. The IMET graduates who populate the top ranks of the Armed Forces of the Philippines contributed to building the close professional military-to-military relations which exist between the US military and the Armed Forces of the Philippines.

Now that the Visiting Forces Agreement (VFA) entered into force, the U.S. military is actively engaged in ship visits and joint training exercises with the Armed Forces of the Philippines. These cooperative bilateral military activities constitute important steps toward normalizing our military-to-military ties and increasing inter-operability and standardization with the AFP to defend the national borders against external aggression, to counter the Communist and Muslim separatist insurgencies, and to participate in international and regional peacekeeping operations. In FY 2001, FMF funds would be used to assist the Philippine government in acquiring modern military equipment, such as transport trucks to move their peacekeeping forces. The Philippines is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will also support U.S. objectives of increased inter-operability with, and standardization within the AFP as well as enhancing their ability to participate in international and regional peacekeeping operations.

SAMOA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	105	100	120

National Interests:

U.S. national interests in Samoa are related to maintaining regional stability. The United States strives to maintain close ties with Samoa, a consistent supporter of U.S. positions internationally. Samoa is also a close neighbor of the U.S. territory of American Samoa, with which it has long-standing family and cultural ties. Other interests include encouraging broad-based economic growth, supporting improved capacity to protect the island's environment and natural resources, and educating the public on health issues.

Objectives and Justification:

The most important use of International Military Education and Training (IMET) is to support the U.S. objective of helping Samoa develop an effective maritime law enforcement and surveillance capability. Training in basic coastal surveillance and seaborne law enforcement skills is carried out in accordance with U.S. leadership doctrines, emphasizing civilian control. DOD/Coast Guard resources contribute to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of their maritime Exclusive Economic Zone (EEZ), and to improve safety in Samoa's fishing fleet.

IMET military training programs for Samoan health professionals aim to help the Samoan Department of Health better manage scarce resources, and improve the overall quality of health care in Samoa. Samoa is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will assist Samoa in developing an effective maritime law enforcement capability and enhance inter-operability with U.S. DOD and Coast Guard forces.

SOLOMON ISLANDS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	157	150	150

National Interests:

In the interests of regional security, economic prosperity and reduced threats of conflict or environmental degradation, U.S. assistance to the Solomon Islands focuses on strengthening the nation's capabilities to secure its maritime borders, encouraging its democratic institutions and preserving its biodiversity.

Objectives and Justification:

IMET training helps the Solomon Islands to develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills help guarantee that the 1997 Solomons-Papua New Guinea border agreement continues to be honored. It also increases the country's ability to maintain control of its own fishery resources. The Solomons are eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives of the Solomons' achieving an effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II. Transportation, demining, training aids and patrol craft are priority areas for assistance.

THAILAND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	1,703	1,600	1,560
NADR	1,050	1,220	1,300
INCLE	2,700	3,000	3,000

National Interests:

One of five treaty allies in Asia and a major trading partner, Thailand hosts our largest joint military exercise in Asia (Cobra Gold), and provides crucial access to Thai facilities when needed. In the aftermath of the global financial crisis, the U.S. views Thailand as a model of economic reform and democratic development, as well as a regional leader in promoting stability. Thirty years of effective counter-narcotics cooperation has led to the establishment in Bangkok of our second International Law Enforcement Academy (ILEA).

Objectives and Justification:

Thailand plays a significant role in fostering regional stability in Southeast Asia. Continuing joint exercises and International Military Education and Training (IMET) programs help develop and maintain a Thai military committed to respecting and fostering democratic principles and capable of participating in international peacekeeping operations. Thailand will be eligible in FY2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would support the U.S. objectives of increasing Thailand's drug enforcement capability, improving interoperability with U.S. forces, and promoting a willingness to continue to contribute to international peacekeeping activities. In addition to major military items already in the Thai inventory, naval craft and transportation items are very useful toward these ends.

Our counter-narcotics and law enforcement assistance programs, funded through the INCLE account, have both a bilateral and multilateral component, with the U.S. budget for each approximately \$3 million per year. Our bilateral narcotics assistance expands Thailand's institutional capability to conduct sophisticated counter-narcotics operations and cooperate effectively with the DEA, assists opium eradication efforts, and facilitates successful crop substitution and demand reduction programs. INCLE crime funds help run the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative undertaking with Thailand, which opened in March 1999. The academy offers high-quality counter-narcotics and anti-crime training to participants from ten countries in the region, including China and Hong Kong, to help the law enforcement personnel involved build the contacts necessary to fight transboundary crimes and global criminal syndicates.

Thailand's humanitarian demining program, funded through the NADR account, was launched in Thailand in FY 1999 with the establishment of the Thai Demining Action Center. NADR funds provided equipment, while the Defense Department's Overseas Humanitarian Disaster and Civic Aid funds provided the initial trainers. FY 2001 funds will complete the planned three-year cycle to fully train the Thai demining trainers and equip six demining platoons with trucks, computers, and demining gear, building the capacity Thailand needs to address the landmine problem along its borders with Cambodia and Burma.

TONGA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	99	100	100

National Interests:

The Kingdom of Tonga, a highly traditional society where the King and nobles dominate political life, interacts with the U.S. mainly in such organizations as the South Pacific Commission, the Forum Fisheries Agency, and the South Pacific Regional Environment Program. U.S. interests in Tonga include encouraging democratic institutions, and assisting in environmental protection efforts. International Military Education and Training (IMET) is an important vehicle for pursuing U.S. interests.

Objectives and Justification:

Tonga joined other regional nations in 1999 (New Zealand, Australia, Vanuatu, Fiji) in providing unarmed peace monitors once a truce was achieved in Papua New Guinea's Bougainville Island province. IMET provides professional education and training for Tonga's Defense Force with emphasis on respect for human rights, civilian control over the military and military justice. IMET also helps to support Tonga's ability to contribute to regional peacekeeping endeavors, and contributes to Tonga's development of an effective maritime law and surveillance capability. Tonga is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will also support Tonga's ability to contribute to regional peacekeeping endeavors and their development of an effective maritime law enforcement capability.

VANUATU
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	87	100	100

National Interests:

U.S. national interests in Vanuatu center on strengthening the nation's democratic institutions. Other interests include building Vanuatu's capacity to secure its maritime borders, and encouraging programs that protect the island's environment and fragile natural resources.

Objectives and Justification:

The small Vanuatu Mobile Force must patrol a vast area of ocean. U.S. Coast Guard training in maritime law-enforcement supplements Australian and New Zealand programs and upgrades Vanuatu force capabilities. IMET training also helps improve force discipline and enhances its effectiveness in regional peacekeeping and disaster relief efforts. Vanuatu is eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Provision of transportation, training aids, and patrol craft will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts.

VIETNAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	--	--	50
DA	1,500	1,250	2,000
CSD	1,500	1,500	--
NADR	1,096	1,000	800

National Interests:

The United States has a national security interest in promoting a stable, globally integrated Vietnam with increasing economic prosperity and U.S. trade relations. The United States also has an interest in helping disadvantaged groups such as those at high risk of contracting HIV/AIDs, the disabled, displaced children, victims of natural disasters and to remove land mines.

Objectives and Justification:

The United States seeks to enhance Vietnam's ability to be a constructive regional player by encouraging Hanoi's active participation in ASEAN and ARF and other strategic dialogues. We also seek to diminish mistrust through incremental expansion of military to military contacts.

The FY 2001 request includes funds for E-IMET courses to build English language capability in the next generation of Vietnam's leaders, on whom we will be counting for continued cooperation in achieving the fullest possible accounting of our missing from the Vietnam War. The Vietnamese military has also been increasingly interested in attending conferences and confidence building meetings hosted by Headquarters, Pacific Command (PACOM). However, it has been unable to send participants to these meetings due to a lack of officers with English language proficiency. These difficulties also hamper Vietnam from taking on and being effective in leadership positions in ASEAN and ARF. Enhancing the English language capability of Vietnamese officials enables them to make effective use of U.S. archival materials in our joint efforts and in Vietnam's unilateral activities.

Development Assistance (DA) funds will enable technical experts to work with Vietnam in building understanding among the Vietnamese in the public and private sectors on the necessary steps to liberalize the trade and investment framework and to assist in implementing the market reforms required under such framework. These funds will also assist Vietnam in implementing the reforms required under the U.S.-Vietnam bilateral trade agreement after it is signed.

While assisting Vietnam in accelerating economic liberalization and growth, DA and CSD funds will also provide assistance to selected vulnerable groups including victims of injuries from the war or from land mines, victims of annual floods, orphans and displaced children, and those at high risk of contracting HIV/AIDS. These funds will continue to help improve opportunities for war victims and children at risk. For the war victims and victims of mines left by war, activities will focus on providing orthotic and prosthetic devices as well as rehabilitation for those in need of artificial limbs. These funds will continue to promote barrier-free access in building construction and increase the participation of the disabled in the decision-making process. There will be more emphasis on children with disabilities and in developing local capacity to include them in educational programs. Future programs will place more emphasis in sustainability by building local capacities to support these disabled groups.

Land mines pose a constant danger and keep agricultural land from production. NADR funds will be used to assist Vietnam in removing land mines, saving lives of innocent individuals and returning agricultural lands to productivity.

ACCELERATING ECONOMIC RECOVERY IN ASIA (AERA)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	5,000	5,000	8,000
DA	16,000	11,750	10,000
CSD	10,000	1,000	1,000

National Interests:

It is in the U.S. national interest to promote economic prosperity and the opening of markets in the Asia Pacific region, which are important not only for the American jobs created, but also to underpin peace and stability in the area. Three years after the onset of the Asian financial crisis, most affected economies have turned the corner, but continued efforts are required to maintain positive momentum. The Asian economic crisis put tremendous pressure on governments and economies throughout the region. The crisis also adversely affected political, strategic and security interests of the United States, as well as our substantial economic and commercial interests. Despite the continued strength of the U.S. economy, important sectors, such as agriculture and steel felt the impact of the Asian downturn as U.S. exports declined. It is in the U.S. interest to promote reforms that will enable Asia Pacific countries to sustain long-term economic growth and prevent future crises.

Objectives and Justification:

The Accelerating Economic Recovery in Asia (AERA) initiative funds technical assistance and training, in close coordination with World Bank and Asian Development Bank efforts, to help countries resolve the deeply rooted systemic problems that paralyzed their economies during the crisis in 1997 and 1998. While all countries in the region are eligible to receive AERA support, funds have so far concentrated on Thailand, Indonesia, and the Philippines because of their demonstrated commitment to reform. The program is currently working in a number of key areas in these countries, including assisting more than 30 Thai businesses to diagnose and resolve business problems, assisting the Bank of Thailand to strengthen its bank supervision and on-site examination policies and procedures, helping Indonesia and the Philippines undertake legislative reforms in areas such as competition law, government procurement, consumer protection, arbitration and secured transaction.

Financial reforms, improved governance and greater transparency contribute to more efficient operation of markets, attract capital and contribute to regional economic recovery. U.S. government leadership helps leverage key expertise and resources from the private sector, in support of the reform policies we advocate, to limit the effects of future global economic shocks. Such adjustments can impose major social costs and

human hardship, endangering popular support for economic growth policies and constitute a real threat to democratic institutions.

In FY 2001, continuation of modest programs (funded through a combination of ESF, DA and CSD) already in place will continue to help foster confidence among citizens of affected countries that reforms bring real benefits. AERA funds will also improve crisis countries' capacity to identify and target multilateral development bank and other resources available for programs designed to maintain social stability during economic reforms. Technical assistance will help affected countries more quickly implement programs to alleviate social costs of economic adjustment.

EAP REGIONAL DEMOCRACY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	175	2,000	5,000

National Interests

It is in the U.S. national interest to facilitate democratization in nations where it has been slower to take root or which are at a critical stage in their evolution towards full democracy. Regional democracy funds support projects to promote democratic institution building in key countries in East Asia and the Pacific.

Objectives and Justification

EAP democracy funds are requested to support U.S. based and Asian non-governmental organizations, as well as governmental agencies working within their Asian societies in efforts to build democratic institutions and set standards for good governance and transparency. Support would be given to projects which create or enhance civil societies that can advocate on behalf of human rights, women's rights, workers rights, the rule of law, and freedom of the press and assembly. The fund would also promote regional dialogues focused on strengthening national or regional networks of human and worker rights, and on heightening the attention paid to human rights by Asian governments.

Among the objectives of the EAP Regional Democracy Fund are the reduction of governmental restrictions on freedom of association for political parties, journalists, non-governmental organizations, and other civil society groups leading towards the establishment of more pluralistic societies. Other goals include increasing the participation of international monitors in national elections, conducting training in rule of law for both civilian and military leaders, and encouraging the reduction of military involvement in governance. Regional Democracy funds also support the enactment and enforcement of laws which increase transparency at all levels of government, both central and local, protect labor rights, workplace health and safety, equality in the workplace, and encourage free trade unions and improved adherence to International Labor Organization standards.

EAST ASIAN AND PACIFIC ENVIRONMENTAL INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	3,825	3,500	6,000

National Interests:

It is in the U.S. national interest to secure a sustainable global environment in order to protect the U.S. and its citizens from environmental degradation. By working bilaterally with key countries, especially in Southeast Asia, and with regional multilateral organizations such as the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC) forum, and the South Pacific Regional Environment Program we can better address global, regional, and national environmental challenges.

Objectives and Justification:

In FY 1999, the EAP Environmental Initiative focused on providing follow-up response to the 1997-98 fire and haze crisis in Southeast Asia, including by promoting long term policy reforms in forestry and land use, and marine resource use and conservation. On crisis follow-up, the U.S. Forest Service, Interior, and NOAA's National Weather Service worked to improve regional forecasting and fire response coordination. In order to address underlying causes, we funded additional programs to change land use and forestry management practices. EAP environment funds also helped governments reduce destructive fishing practices and support the coral reef programs of the South Pacific Regional Environment Program. In FY 2000, the environmental initiative funds are largely focused on providing policy and technical assistance in Indonesia during this critical democratic transition period.

In FY 2001, EAP environment funds will build upon successes in priority program areas from FY 2000, namely forestry and land use management (including terrestrial biodiversity conservation), coastal resources management (including marine biodiversity conservation), and environmental planning and management. Projects again will be solicited from U.S. embassies and AID missions in conjunction with international and Asian NGOs as well as with Washington technical agencies. The success of the EAP Environment Initiative projects in alleviating some of the environmental stresses in the area has increased the interest of regional governments and NGO communities in this program, leading to more project grant requests each year.

EAP REGIONAL SECURITY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	250	250	250

National Interests:

Active participation in and support for multilateral regional security fora is a significant element of the Administration's Asia-Pacific security policy. To date, our involvement has concentrated on two multilateral fora, the 22-member ASEAN Regional Forum (ARF) and the 5-member (U.S., Japan, China, Russia, and South Korea, with North Korea invited) Northeast Asia Cooperation Dialogue (NEACD). The overarching, long-term U.S. goals for the ARF, the only region-wide official security grouping, are to foster its development into an institutionalized mechanism that makes tangible contributions to maintaining peace and security in the region through a combination of dialogue, confidence-building measures, and preventive diplomacy. The NEACD process supplements our other peacekeeping efforts in this critical Northeast Asia sub-region and is the one semi-official forum that focuses on Northeast Asia security issues.

Objectives and Justification:

The East Asia-Pacific region has begun only recently to develop regional security fora in an effort to promote confidence building and preventive diplomacy. The ARF and NEACD, established in the early 1990s, hold promise for successfully addressing regional differences before these erupt in conflict, but are still in early organizational phases. In the absence of institutionalized secretariats and assessed contributions to support these fora, progress in developing and implementing specific confidence building measures and advancing preventive diplomacy objectives depends on the initiative of and funding by individual member states. Funds support U.S. initiatives in these multilateral fora, such as professional development programs, continued development of an "e-policy" Internet communication network, symposia and workshops on enhancing confidence and transparency, and establishment of information-sharing databases in such areas as maritime cooperation and small arms trafficking.

Expected outcomes include an increased ARF focus on preventive diplomacy, increased participation by defense officials in ARF meetings and activities, increased practical cooperation among ARF members in such areas as disaster relief and curbing trafficking in illicit small arms, and increased NEACD focus on transnational security challenges.

EAP REGIONAL WOMEN'S INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	2,500	4,000

National Interests:

The EAP Regional Women's Issues fund helps advance democracy and human rights by improving the status of women throughout East Asia and the Pacific. Enhancing the status of women leads to full enfranchisement of nations' citizens, higher educational levels, more skilled labor forces, and reduced population growth.

Objectives and Justification:

The three objectives of the Regional Women's Issues program are to increase women's participation in the political process, to eliminate violence against women, and to reduce the trafficking of women and children within and from the East Asian and Pacific region. In FY 2000, \$500,000 was dedicated to help organize a regional meeting of 23 nations to design concrete follow-on projects to reduce the trafficking of women and children. These projects will focus on the prevention of trafficking, the protection of women and children who are victims of trafficking and their reintegration into home societies, and the prosecution of the traffickers and their collaborators. The remaining \$2 million of the FY 2000 funds will focus on Indonesia and support programs and projects which will empower women to participate fully in democracy-building efforts and in government at all levels. These funds will also support ongoing projects to reduce violence against women, particularly domestic violence, through advocacy programs to enact laws that protect women.

In FY 2001, the Regional Women's Issues fund will build on the previous year's initiatives through supporting non-governmental organizations and regional governments to reduce the trafficking of women and children. Prevention programs will utilize both electronic and print media and school activities to educate populations most vulnerable to being recruited by traffickers. We will also fund rescue mechanisms to assist women and children who escape from trafficking networks, including shelters, training centers, and medical, counseling, and legal services. In addition, programs to enact legislation against trafficking or to improve existing laws will be funded to increase the effectiveness of law enforcement and judicial systems with the goal of prosecuting and punishing the traffickers. Projects to increase the empowerment of women within both local and national governments and to reduce domestic violence and protect victims will also continue.

KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION (KEDO)
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	53,100	35,000	55,000

National Interests:

KEDO was established in 1995 to help implement the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK), signed on October 21, 1994. In the Agreed Framework, the United States agreed to arrange for the construction of two light-water reactors (LWRs) in North Korea and annual shipments of heavy fuel oil (HFO) until completion of the first LWR.

For its part, North Korea agreed to "freeze" and eventually dismantle its potentially dangerous graphite-moderated nuclear reactors and related facilities at Yongbyon and Taechon, and to allow eventual implementation of IAEA full-scope safeguards on these nuclear facilities. The Agreed Framework remains the primary means of ensuring: (1) the complete dismantlement of the DPRK's nuclear weapons capability; and (2) North Korea's full compliance with its nuclear nonproliferation obligations.

Objectives and Justification:

Approximately \$51.25 million of the funds requested will be used for the purchase and shipping of HFO to North Korea in accordance with the Agreed Framework, with the balance of the funds supporting KEDO's administrative costs. The United States, along with the European Union (which has contributed 15 million euros annually), is the primary source for HFO funding, having contributed \$171.6 million to KEDO since 1995, plus an additional \$32 million for the canning of spent fuel at Yongbyon. For their part, the ROK and Japan are taking the lead in funding the LWR project. Thus far, the ROK has contributed \$65.8 million to KEDO, and has pledged to finance 70 percent of the estimated \$4.6 billion cost of the LWRs. Japan has contributed \$19.9 million to KEDO, and has pledged \$1 billion toward the LWR project. Other countries have contributed over \$25 million to KEDO; the United States continues to press the international community for additional funding.

The comprehensive policy review undertaken last year by former Secretary of Defense William Perry supported the maintenance of the Agreed Framework as a key to our overall approach to the DPRK, in particular with respect to constraining North Korea's nuclear activities. Using the Agreed Framework as a basis, the United States has initiated discussions with the DPRK in an effort to satisfy our concerns on North Korean activities in such areas as missile development and possible clandestine nuclear activities. Support for KEDO is essential to carry out the terms and conditions of the Agreed Framework and to achieve our high-priority nuclear nonproliferation objectives.

Special Notice: Information Related to Section 620G of the Foreign Assistance Act of 1961, as amended. Sixteen governments, which are recipients of U.S. assistance covered by section 620G of the Foreign Assistance Act, have contributed, or are expected to contribute, to KEDO. They are Indonesia, the Philippines, the Republic of Korea, Malaysia, Singapore, Thailand, the Czech Republic, Greece, Hungary, Poland, Argentina, Brazil, Chile, Mexico, Peru and Oman. A detailed explanation of the U.S. assistance to be provided to each of these countries, including an estimate of the dollar amount of such assistance, and an explanation of how the assistance furthers United States national interests, may be found in the Regional and Country Programs section of this document.

SOUTH PACIFIC MULTILATERAL FISHERIES TREATY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	14,000	14,000	14,000

National Interests:

The 1988 South Pacific Multilateral Fisheries Treaty is a key component of our strong overall foreign relations with the Pacific Islands States and a model for others. It provides a solid foundation upon which the U.S. and the member states of the Pacific Islands Forum (known as the South Pacific Forum until October 1999) can cooperatively address the challenges of sustainable fisheries conservation in the South Pacific. This Treaty, through positive multilateral cooperation, achieves profitable, sustainable management of fisheries resources and ensures continued access for U.S. fishing vessels to Pacific Ocean fishing areas.

Objectives and Justifications:

Since the Treaty came into force, access to broad areas of the Pacific, including parts of the exclusive economic zones of the 16 governments which make up the Forum Fisheries Agency (FFA), has been excellent. This positive fisheries relationship, as well as a common desire to conserve fisheries resources in the South Pacific, has carried over into the ongoing multilateral negotiations for a conservation and management regime in the Central and Western Pacific, where we are cooperating closely with the Pacific Island States. The goal of these ongoing negotiations is to develop a mechanism to ensure that highly migratory resources in that region are not depleted.

Continued funding to the 16 governments of the FFA in FY 2001 will help avoid conflict over access to and management of highly migratory fisheries resources and ensure continued unimpeded access by U.S. fishing vessels to highly productive fishing areas in the Pacific Ocean, pursuant to the Treaty.

EUROPE

**Bureau of European Affairs
Statement by
Assistant Secretary Marc Grossman**

The U.S. Stake in Europe

Our vision is clear: we want to create a Europe that is whole, free, and at peace which works in partnership with the United States. The Atlantic community is a community of nations that today reaches beyond our traditional post-war partners in Europe's western half to encompass Europe's reestablished democracies on the continent's eastern half. If Europe is at peace, America is more secure. If Europe prospers, America does so as well. In an increasingly integrated and globalized world, our security, prosperity, and democracy depend on each other.

We want a partnership that is no longer focused on what Americans should do for Europe but one which is defined by what America can do with Europe to pursue our common values and interests. Our strategic goal is to meet challenges within Europe, between Europe and America, and beyond Europe.

Our first challenge is in Europe itself. We must ensure the continuing integration of the continent so that conflict in eastern Europe becomes as inconceivable as conflict in western Europe. Lasting peace in Europe depends on continuing to build a sense of confidence and security within and between young democracies. This means working with our partners to complete the integration of Europe's democracies into NATO and the EU, strengthen our partnerships with Russia and Ukraine, and transform southeastern Europe, including Serbia, from a primary source of instability to a fully integrated part of the transatlantic community.

The second challenge is between Europe and America. Our goal is to strengthen and deepen the bonds between our societies in ways that make a difference in the daily lives of our citizens. More than 14 million workers on both sides of the Atlantic owe their livelihoods to our \$1 trillion trade and investment relationship, the largest and freest in the world. European companies are the largest foreign investors in 41 of the 50 states. European investment in Texas alone exceeds U.S. investment in all of Japan. And American companies continue to invest about as much in Europe as they do in the rest of the world. U.S. investment in EU countries grew from \$26 billion in 1994 to \$176 billion in 1998, while EU investments in the U.S. rose from \$120 billion to \$363 billion in the same period.

Our third challenge extends beyond Europe and America. We want to improve our ability to deal with issues that neither of us, Europe or America, acting alone, will be able to confront effectively. When we pull together, we get things done. When we pull in different directions, less is accomplished. The new Europe brings real resources to the foreign policy table, making some of our most important strategic initiatives possible.

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In Berlin in May 1998, President Clinton set out our vision to address these challenges by describing a partnership between America and Europe, designed to promote prosperity, democracy and security in the Euro-Atlantic area and beyond. In 1999, we made significant progress toward our goal of laying the foundation for this new partnership. We worked together with our European friends and allies to adapt for the 21st century the key institutions -- NATO, the OSCE, and the U.S.-EU relationship -- that form the bedrock of the our partnership to meet these challenges.

Our task for the year ahead is to further develop the Atlantic partnership to confront core challenges. In 2000-01, we will focus on the goals we have set within Europe, between Europe and America, and beyond Europe.

Our partnership with Europe does real things for real people. It generates jobs. It stimulates investment. It reduces the threats we face from crime, terrorism, proliferation, drugs, and disease. It increases our security and cuts the cost to the American taxpayer of achieving that security.

Policy Priorities for FY 2000-2001

Regional Security

In order to achieve a solid partnership with Europe, we will build upon the foundations laid by the NATO, OSCE, and U.S.-EU Summits in 1999 for an intensified Euro-Atlantic Partnership.

We will work with the NATO Allies to implement the Defense Capabilities Initiative (DCI) intended to enhance the Alliance's overall ability to meet the challenges of the 21st century. The 1999 NATO Summit recognized that among those challenges are the threat posed by Weapons of Mass Destruction (WMD) and the means of their delivery and the Alliance will increase its political and military attention to WMD threats. We will consult with Allies on National Missile Defense (NMD) program. Having welcomed the Czech Republic, Hungary, and Poland to membership, we will focus on maintaining the credibility of NATO's Open Door policy, employing the Membership Action Plan (MAP) of cooperation with aspirant countries to help develop their political, military and economic capacities. We will pursue a full agenda for the Euro-Atlantic Partnership Council and Partnership for Peace. We look forward to the resumption of a broader agenda with Russia in the Permanent Joint Council while maintaining cooperation in SFOR and KFOR, as well as closer ties with Ukraine in the NATO-Ukraine commission. We also seek to reinvigorate NATO's Mediterranean Dialogue. NATO's deployments to Bosnia (SFOR) and Kosovo (KFOR) will advance Alliance efforts to help bring peace and democracy to the troubled Balkan region.

The Summit of the Organization for Security and Cooperation in Europe (OSCE) in Istanbul in November produced a charter for European security that acknowledges an

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OSCE role in building "security within states," an important lesson we learned from events in Bosnia and Kosovo. An equally significant accomplishment of the Istanbul Summit was the signing of an adapted Conventional Forces in Europe (CFE) Treaty that addresses key NATO objectives. We can achieve the full promise of Istanbul, together with the ratification of the adapted CFE treaty, but only when Russian forces in the Northern Caucasus have been reduced to the levels specified in the Treaty. We are committed to implementation of the REACT concept, designed to provide a reserve corps of experts that can be available on short notice to address and defuse situations that can challenge security before they reach a conflict level.

The European Union's institutional reforms, and the installation of a new Executive Commission in 1999, make Europe a more effective and equal partner for America. With the EU as a partner, we can better address political and diplomatic crises, as in the former Yugoslavia, Chechnya, and East Timor, and better respond to transnational challenges, such as environmental threats, illicit narcotics, and organized crime. The New Transatlantic Agenda (NTA) contains four chapters of activity: diplomatic cooperation (including regional issues, development assistance, and promotion of human rights and democracy worldwide); economic and trade promotion; cooperation on global, or transnational, issues (including law enforcement, the environment, international crime, terrorism, and drug trafficking); and people-to-people exchanges. In the June 1999 Bonn Declaration, U.S. and EU leaders re-committed themselves to the NTA and agreed to strengthen the partnership to deal with the challenges of the new millennium, including by improving our joint capacity to deal with regional crises, by seeking early warning of disagreements that could become serious transatlantic disputes, and by focusing our cooperation on issues of direct relevance to our citizens.

The U.S. will continue to work with its European partners and various international organizations to secure peace in Kosovo, promote full implementation of the Dayton Accords, operate with Yugoslav opposition forces to advance democracy in Serbia, and advance our broader goals throughout Southeastern Europe. Through the Stability Pact for Southeastern Europe, the U.S. and its allies have engaged in a political bargain: the international community will stabilize, transform, and integrate the countries of the region into the European and transatlantic mainstream while the countries of the region will work individually and together to create conditions under which this can be possible. We will work with international financial institutions and through NATO's regional programs, the OSCE, SEED, SECI, and the U.S.-EU New Transatlantic Agenda to advance this overall effort. The EU will bear most of the costs, but the United States will contribute as well to a joint effort to make a tangible difference in people's lives and build a solid foundation for a new era of peace and stability.

Working with NATO and the EU, we seek to sustain and increase stability in the Eastern Mediterranean region by encouraging Greek-Turkish dialogue to resolve long-standing disputes; and, in harmony with UN-led talks, to promote progress toward a comprehensive Cyprus settlement acceptable to all sides. Fifteen million dollars in ESF will be used to foster bi-communal cooperation and establish a basis for closer ties between the two parties.

Europe

We will work with the Irish and British governments to encourage the full implementation of the Good Friday Peace Accord. Our \$19.6 million contribution to the International Fund for Ireland (IFI) fosters economic regeneration, job creation and cross-community cooperation in Northern Ireland and the border counties of Ireland. In addition, State has requested \$5 million in ESF to implement the Irish Peace Process Cultural and Training Program. This visa program is an important complement to IFI funding, and the USG's most visible new initiative to underpin sustained peace and reconciliation in the areas most affected by the "Troubles." It will enable up to 12,000 young, generally unemployed persons from the disadvantaged areas of Northern Ireland and Ireland to come to the United States over the course of three years to develop transferable job skills in a diverse, multi-cultural environment. They would then be able to return home better able to contribute to the peace process.

We will continue our efforts through our Northern European Initiative (NEI) to prepare the Baltic States for membership in Euro-Atlantic institutions, integrate Russia into the West, and bring U.S. "value-added" to other regional initiatives involving the Nordics, Russia, the EU, Germany, and other interested countries. Through joint projects and regional fora, we hope to build regional economic and social ties and to improve the environment.

We are also developing a new Mediterranean Basin Initiative designed to enhance stability throughout the Mediterranean's southern littoral in cooperation with our European partners. Working with the Bureau of Near Eastern Affairs, we are preparing concrete steps to bolster regional security ties (including NATO's Mediterranean dialogue), economic development, scientific and technical cooperation, and people-to-people links.

Economic Prosperity

Increasing bilateral trade and investment and cooperation with Europe to open markets worldwide will have a direct, positive impact on the U.S. economy. We agreed at the December 1999 Washington U.S.-EU Summit on the critical role of the multilateral trading system and that for the WTO, along with other countries, to launch an inclusive new round as soon as possible. We will strive to maintain and strengthen our bilateral economic and political relationship with the countries of Central and Eastern Europe as they draw closer to EU membership by frequent consultations on all aspects of accession and through the transatlantic dialogues. We will also work to achieve sustained economic growth worldwide by encouraging the development of market mechanisms, strengthening international financial institutions, and promoting sustainable development through effective assistance programs.

The U.S. and the EU enjoy very real benefits from access to each other's market, but there are difficulties, nevertheless. We will place special priority on intensifying the high-level dialogue begun in 1999 to find solutions to our disagreements with the EU over food safety and agri-bio-tech products. We will continue to work to improve

coordination between the U.S. and EU regulatory processes and reestablish the importance of transparency, predictability, and science-based decision-making. We are pleased that the WTO has found in favor of the U.S. in cases on the EU's banana regime and the EU's ban on U.S. beef and will work closely with the U.S. Trade Representative to press for satisfactory resolution. We have worked in good faith to help identify possible solutions and the EU must implement these rulings without further delay.

With an interdependent relationship, such as ours with the EU, new problems are sure to arise. We will do a better job of using the Transatlantic Economic Partnership as well as other bilateral and multilateral mechanisms to find solutions to transatlantic problems. This year, we intend to agree on common principles for regulatory reform and negotiate mutual recognition agreements in several industrial and service sectors. Prior consultation through the evolving "early warning system" may well avoid debilitating and unnecessary transatlantic flare-ups. In our trade disagreements, we will insist on the principles of fair and transparent trade rules, respect for international commitments, and reliance on scientific principles, not politics, as the basis for making environmental, health and safety decisions. These principles, together with intensified efforts to work through issues before they become intractable, can help reduce our frictions with the EU and remove the emotions that so often cloud what should be technical decisions.

A key component of America's national security is the elimination of threats to the U.S. and our allies from weapons of mass destruction or destabilizing conventional arms. A U.S. partnership with Europe remains key to achieving these goals. NATO's Washington Summit adopted a Weapons of Mass Destruction (WMD) initiative designed to coordinate and enhance the Alliance's political and military response to WMD. The initiative will also serve to heighten our allies' understanding of the significance of WMD and the means of their delivery, which is the basis of our national missile defense program. Europe's structure of conventional arms control and confidence-building, with the newly-adapted CFE Treaty at the center, remains critical for preserving military stability, transparency and predictability throughout much of the continent, particularly the region of the New Independent States. In the context of our relationship with the European Union, we are jointly addressing proliferation concerns on the Korean Peninsula through our mutual support for the Korean Energy Development Organization (KEDO). We are also working together in Russia, via the Expanded Threat Reduction Initiative (ETRI), to help address the proliferation of WMD technology in that region.

The reduction of international terrorist attacks is essential to efforts to protect the United States, its citizens, and its interests. In order to improve counterterrorism measures and increase coordination on steps to inhibit state-sponsors of terrorism, we will enhance our cooperation with our European partners and bolster their political will to confront terrorism. A great deal of our effort will focus on relations with the EU, deepening cooperation on key issues of state-sponsored terrorism, all 11 anti-terrorism conventions, and implementation of the May 1998 U.S.-EU statement on counterterrorism. We will also work with key European allies to develop regional counterterrorism capabilities, to fully implement the 25 global counterterrorism measures

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of the July 1996 Paris G-8 Ministerial, and to combat terrorism in Afghanistan, Greece, and Iran.

Issues of international crime and illegal drugs are closely linked to terrorism, and our efforts will have a similar focus. We will coordinate closely with the EU in order to reduce significantly drug traffic and crime not only between Europe and the United States, but also in the Caribbean, Central Asia, the NIS, and Southern Africa. Internal consensus within the EU has been the principal stumbling block in U.S.-EU relations in this arena, and the chief mechanisms for cooperation have been the G-7/G-8, the Dublin Group, the UN Drug Control Program, and various ad hoc efforts. We must work closely with the EU as it develops greater internal coordination of law enforcement activities. By expanding our EU contacts and assisting the development of stronger EU policy we will be better able to achieve our goal of reducing international crime and illegal drug trafficking.

Raising standards of human rights in the Baltics, Central and Eastern Europe, and Central Asia is critical to integrate fully the nations of the regions into Western institutions. While different nations will have varying priorities, the promotion of democratic political institutions, free-market-based economic institutions, viable NGO sectors, respect for human rights, and efforts to prevent environmental degradation are all important for the region as a whole. In 2000-01, we will continue to promote religious freedom, fight discrimination against Roma, and follow up on the Reykjavik Vital Voices conference, which brought together more than 400 women from the private sector, the NGO community, and the governments of Northern Europe, Russia, and the United States.

We are further cooperating with the OSCE Office of Democratic Institutions and Human Rights to assess and address the problem of trafficking in human beings. A task force on the Trafficking of Women and Children is also being created through the Southeastern European Cooperative Initiative (SECI). The Task Force will operate at the SECI Anti-Crime Center in Bucharest and will include participation of SECI member states. Officials will gather evidence on trafficking and aid states in the apprehension and prosecution of individuals and groups involved in trafficking of women and children. Further, non-governmental organizations will work with the media to raise public awareness of this issue. In addition to our efforts with the OSCE, we coordinate extensively with the EU in Geneva and New York on human rights issues involving non-European States such as China, Cuba, Iran, and Burma.

The United States has a very active dialogue with Europe on a host of global, scientific, and environmental issues. In the area of global climate change, we are working with the EU on issues such as the use of the Kyoto mechanisms, building upon positive developments at the Committee of Parties (COP-5) in Bonn in 1999. Differences in our positions on biotechnology/biosafety threaten to be a potentially major disruption to negotiations on a Biosafety Protocol and have implications for issues of international trade and agricultural policy. Another topic of dispute is the Global Positioning System.

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We are also engaged in a major effort to open the full historical record related to the Holocaust and the aftermath of the war, and to obtain a measure of justice for the victims. The Department has encouraged research and disclosure of information by other governments and entities, and the exchange of information through international dialogue and meetings as well, to provide a common basis of understanding for further concrete action on restitution of property and assistance to survivors.

Resource Requirements

Pursuit of this ambitious agenda requires resources. The financial and personnel resources available to EUR are inadequate to the task of asserting and defending America's interests in and with Europe, even without an increased emphasis on Southeastern Europe. Having eliminated 27% of EUR's American positions since 1988, we are now forced to spend millions of dollars each year on alternative staffing arrangements to fill the gaps and address new and shifting priorities. We also use scarce Bureau resources to address urgent technology and security inadequacies that the Department cannot.

We are using innovative approaches to our pursuit of American interests in Europe. We are proud to have pioneered the incorporation of USIA into EUR. Integration of the public diplomacy experience and resources of USIA presents an opportunity to enhance preparation and delivery of our message to international audiences. Applying new technology, we have developed and introduced an Intranet to our Bureau for increased effectiveness in our everyday activities.

Last year, we opened, with strong Congressional backing, our first American Presence Post (APP) - in Lyons, France - a new, flexible model for projecting America's representational and commercial interests beyond the scope of traditional diplomatic and consular facilities by taking advantage of new technologies. APP Toulouse opened in November 1999, and APP Rennes in January 2000. We have identified the key commercial and aviation centers of Lille and Bordeaux as future sites for APPs which we expect will be up and running this year.

A partnership with Europe to promote U.S. interests in Europe and with Europe is not without costs. But the benefits are vital to our country. Our budget submission this year is intended to reflect this objective, but we can no longer rob both Peter and Paul. We cannot tell the other countries of Central and Eastern Europe that their aspirations to integrate with the West, which are rightly supported by the same Function 150 funds, must be set aside. We cannot tell aspirants for NATO membership that their participation in the Partnership for Peace and other pre-accession activities is to be put on hold. Having spent billions on military resources to win the Kosovo conflict, we should not shy away from the costs of consolidating that victory.

ALBANIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	49,300	32,000	32,000
FMF	4,000	1,600	4,500
IMET	650	600	800
ESF	12,000	--	--

National Interests:

Our relations with Albania promote U.S. national security interests by stabilizing Southeastern Europe, developing democracy, protecting American citizens, defending the U.S. from international crime, providing humanitarian relief, addressing global environmental, population and health challenges, and promoting economic prosperity. Albania's pivotal role in assuring regional stability places a high premium on the continued engagement and support of the U.S. In collaboration with our European partners, through the EU, NATO and the OSCE, we will continue to reinforce and strengthen a process aimed at stabilizing Albania and eventually bringing it into the Euro-Atlantic mainstream.

Objectives and Justification:

The success of Albania as an independent functioning country will be our goal of assuring regional stability and development in Southeast Europe. This was put to the test in 1999 when Albania assisted the international effort to end ethnic cleansing in neighboring Kosovo, while playing its part in efforts to avoid any escalation of the conflict. A key indicator for 2001 will be the ability of the central government to exercise a degree of command and control through fully functioning state institutions.

Our assistance ensures that Albania remains a net contributor to international efforts to reduce tensions in southeastern Europe. FY 2001 Foreign Military Financing (FMF) and International Military Education and Training (IMET) will help bolster Albania's regional security through self-defense training consistent with the U.S. and NATO goal of restructuring the Albanian military and assisting it to patrol its border and sea lanes. FMF will also provide a limited range of military equipment in order to build the capabilities of the Albanian forces.

Domestically, public security remains Albania's number one challenge and we back, through the Assistance for Eastern Europe and the Baltic States (SEED) program, a number of projects that provide counter-narcotics and anti-organized crime training. We also help develop GOA law enforcement capabilities through training of Albanian police, prosecutors, and judges. In addition, we will build on efforts to instill modern

management techniques in Albania's public order ministry to utilize effectively the patchwork of international assistance currently offered.

Our economic support efforts are also geared to promoting broad-based economic growth and free market institutions in Albania to improve the standard of living and expand potential markets for U.S. exports. SEED will support expansion of the private sector with programs that assist: banking reform, development of a capital market, and establishment of a micro-credit program, also providing support for the Albanian-American Enterprise Fund.

Fostering a solid democratic basis of government is also an important priority for our engagement in Albania. We will use SEED funds to continue to encourage the development of human rights and of Albania's domestic political institutions and to help develop a vibrant civil society. We will continue to support initiatives such as the Democracy Commission, which gives grants to NGOs; an enhanced international visitor program to bring future leaders to the United States; the Ron Brown program, which provides graduate scholarships in fields such as law and economics; a university management training program; efforts to curb trafficking in women and children; programs for "the successor generation;" training for journalists; civic education; and English teaching. We will also work to solidify the base provided by a new constitution and growth of a viable NGO sector and coordinate with Friends of Albania, other international fora, and NGOs.

Albania will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Albania in meeting defense requirements, enacting defense reforms, and furthering interoperability.

BOSNIA AND HERZEGOVINA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
PKO	14,470	39,800	21,000
SEED	180,000	100,000	90,000
FMF	4,000	--	3,000
IMET	632	600	800
NADR	2,305	--	--
INCLE	5,000	--	--

National Interests:

The 1992-95 conflict in Bosnia and Herzegovina had a devastating human and economic toll, and threatened both European stability and the cohesion of the NATO alliance. The United States led the negotiations that led to the signing of the Dayton Peace Accords in 1995, which successfully ended the conflict in Bosnia. The U.S. plays the lead role in the Dayton peace implementation process - the first real test for post-Cold War European security. Implementing the Dayton Accords, and thereby securing peace and stability in Bosnia and the region, is a crucial element in the maintenance of peace and stability in Europe. The primary national interests guiding U.S. policy in Bosnia are national security, democracy and human rights, and economic prosperity.

Objectives and Justification:

The United States has played a leading role both in NATO and in other international fora in the international effort to implement the Dayton peace accords and thereby promote self-sustaining peace, democracy, and economic development in Bosnia and Herzegovina. The U.S. leads the NATO-led Stabilization Force (SFOR) in Bosnia, formerly the Implementation Force (IFOR). The importance of maintaining a stable Bosnia and Herzegovina was highlighted by NATO actions in the Federal Republic of Yugoslavia in the spring of 1999. The resilience of the system created by the Dayton Accords and the united determination of both NATO and the wider international community to maintain the sovereignty and territorial integrity of Bosnia and Herzegovina prevented the conflict in Kosovo from spreading into Bosnia.

A peaceful, democratic, and stable Bosnia and Herzegovina that respects international human rights standards is a key part of maintaining peace and stability in Europe and promoting U.S. national security. At the same time, continued U.S. efforts to promote investment and sustainable economic growth in Bosnia serve not only to make Bosnia's transition to democracy more stable and sustainable, but also promote the United States' strategic goals of economic development and global growth and stability. U.S. assistance and policy in Bosnia are targeted to full implementation of the peace accords,

promotion of democratization through the development of democratic institutions and respect for human rights, and promotion of investment and economic growth. U.S. assistance in all areas helps leverage funding from other donors far exceeding the U.S. contribution.

The Assistance for Eastern Europe and the Baltic States (SEED) program will continue to facilitate the enhancement of democratic institutions and practices as well as assist in the prevention of renewed inter-ethnic conflict in Bosnia. SEED funds will also be directed at programs that help ensure respect for the human rights of all citizens of Bosnia and Herzegovina. The program will lead to expanded economic opportunities for all ethnic groups. Overall, under the Dayton Peace Accords, the U.S. objective is to work with the international community to help the Bosnians implement a single, democratic state with two multiethnic entities - the Federation and the Republika Srpska (RS). The U.S. directed \$180 million in SEED funds to Bosnia in FY 1999 and an estimated \$100 million in FY 2000. The focus of the \$90 million request for FY 2001 will be on the continuation of assistance for privatization and financial sector reform; infrastructure support for the return of minority refugee and displaced persons to areas from which they were expelled; support for independent media and reform of public broadcast media; and strengthening of democratic central institutions.

Support of OSCE (Organization for Security and Cooperation in Europe) Mission activities in Bosnia (\$21 million in FY 2001) parallels the work being done by the OSCE in Kosovo, and includes the provision of civilian police monitors, and assistance to the Office of the High Representative. In addition, support for OSCE organization and supervision of Bosnian municipal elections will be provided through these funds. The OSCE mission in Bosnia and Herzegovina carries out work which is crucial to the United States' objective of advancing democracy, democratic institutions and respect for human rights in Bosnia and Herzegovina -- work which also contributes substantially to stability and security in the region. Specifically, the mission plays a major role in the creation of a stable, peaceful Bosnia and Herzegovina through promotion of democratic values, monitoring and furthering the development of human rights, organizing and supervising elections, as well as implementing arms control and security-building measures. In addition to the U.S. portion of the OSCE Mission assessment (which amounts to 12.4 percent of the OSCE mission's budget), PKO funds support U.S. personnel seconded to the OSCE, elections supervision and other costs related to the conduct of elections, as well as funding security for the U.S. Ambassador Head of Mission for OSCE BiH.

Foreign Military Financing (FMF) funds contribute to U.S. national security by promoting peace and stability in Bosnia as well as in the Balkans as a whole. Under the Train and Equip program, the U.S. has supplied \$100 million in surplus defense articles and defense services to the Federation entity's military since 1996, to help establish military stability in Bosnia and Herzegovina and prevent renewed hostilities. FMF funding of \$3 million for FY 2001 will assist the Bosnian Federation military to sustain that U.S.-supplied equipment. It is crucial that we protect the investment we have made since the Dayton peace accords by ensuring that the equipment delivered does not deteriorate because of a lack of training, maintenance, spare parts, or other resources.

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Funds will be used for critically needed spare parts and tools in support of the helicopters, tanks, armored personnel carriers, howitzers, and other equipment; for the evacuation and overhaul of major equipment sub-components (tank and helicopter engines, transmissions, tank thermal sights) that cannot be repaired in Bosnia; and, for specialized aviation training courses (e.g. flight surgeon, maintenance test pilot) in the U.S. that are not available through the IMET program.

International Military Education and Training (IMET) in the amount of \$800,000 will also contribute to regional stability, helping to foster the eventual withdrawal of U.S. forces currently serving as part of the NATO-led Stabilization Force (SFOR). IMET funds will be used to supplement the training provided through the Train and Equip program, with emphasis on junior officer professional development (Army basic and advanced courses), staff training for mid-level officers (service staff colleges), and Enhanced IMET (E-IMET) courses for mid- to upper-level officials in the defense sector.

Bosnia will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) where appropriate. The transfer of EDA will assist Bosnia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

BULGARIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	30,150	32,000	32,000
FMF	8,500	4,800	8,500
IMET	974	1,000	1,100
ESF	25,000	--	--

National Interests:

Bulgaria is critical to our regional foreign policy goals for Southeast Europe, and has emerged as a regional leader in promoting political and economic stability and strengthening democratic institutions. In recent years the Government of Bulgaria has made great strides in reducing inflation, promoting foreign private investment, and undertaking economic privatization and legal reforms. Bulgaria is actively pursuing EU and NATO membership and is reorganizing its entire defense establishment. The United States supports Bulgaria's efforts to strengthen democracy and the rule of law, and to more fully integrate with the greater Euro-Atlantic community.

Objectives and Justification:

Bulgaria is entering a critical period; the political stability of recent years and the government's strong commitment to economic reforms have put the country on the right course. More long-term, job-creating foreign investment is needed, however, to ensure that these reforms are embraced. Approximately \$6.5 million in Assistance for Eastern Europe and the Baltic States (SEED) funding will support privatization and enterprise restructuring projects. Much of our assistance will be directed towards overcoming the problems of a weak judiciary, corruption, and stricter enforcement of intellectual property rights legislation. SEED funding will also support projects like the Magistrates Training Center project (\$7.65 million) to train new judges, promote a model pilot courts system, and help strengthen rule of law reforms. Under SEED, \$750,000 will promote the development of democratic institutions, media training, Ron Brown Fellowships and civic education programs. \$850,000 will be available for customs reform and \$5.05 million for technical assistance to enterprises and restructuring agricultural and agribusiness.

Foreign Military Financing (FMF) is essential to fostering the Bulgarian military's development so that it can aspire to NATO membership and contribute to regional stability. FMF assistance will promote interoperability with NATO and, most important, provide defense infrastructure upgrades that could serve U.S. strategic interests in times of crisis. FMF assistance in FY 2001 will: fund the radius program to upgrade soviet-legacy radar; maintain systems already procured through FMF/Foreign Military Sales

(FMS) and Excess Defense Articles (EDA); and purchase communications gear and related equipment in support of Bulgaria's National Military Command Center, which will indirectly promote Bulgaria's interoperability with NATO.

Professional military training will reach a critical stage for the Bulgarian armed forces in 2001 as the Government proceeds with the massive military reorganization outlined in the Defense Reform 2004 project. The International Military Education and Training (IMET) will be instrumental in ensuring the ultimate success of the reform. U.S. trained officers are in positions of responsibility, including the Deputy Minister of Defense in charge of Defense planning and most of his staff. NCO training will be a key feature of the FY 2001 IMET budget, reflecting the critical importance of creating a more western-style NCO corps to the overall success of the reorganization plan. Approximately \$1.1 million in IMET funding in FY 2001 will fund training courses for both NCO's and mid-level officers in professional military education, civilian/military relations, and national security affairs.

Bulgaria will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Bulgaria in meeting defense requirements, enacting defense reforms and furthering interoperability.

CROATIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	17,000	15,100	30,000
IMET	435	500	525
NADR	600	--	--

National Interests:

Helping Croatia to complete its transition into a democratic, non-nationalist, and Western-oriented state firmly embedded in the Euro-Atlantic community is important to ensuring the long-term establishment of an economically prosperous and politically stable Croatia and will contribute significantly to the stability of the entire Balkan region. It is in the U.S. interest to support the democratic changes the citizens of Croatia overwhelmingly voted for in the elections of January and February 2000 and to assist this nation as it sheds its destructive, nationalist past and moves to implement the Dayton Accords and more fully embrace democracy, a free market economy, human and civil rights. Our goal is to ensure Croatia becomes a reliable partner in economic and security relations in Europe. Specific U.S. interests include enhancing regional security, encouraging broad-based economic growth, promoting democracy and humanitarian response, and combating international crime.

Objectives and Justification:

Croatia has reached an important turning point in its short history as an independent country. The democratic changes and economic reforms occurring there as a result of the election could promote similar changes throughout the region. Croatia should develop into an anchor of stability and an economic engine for the region. In FY 1999, Croatia received \$17 million in Assistance for Eastern Europe and the Baltic States (SEED) funding. This money was used primarily to support democratic initiatives, media reform, return and reintegration of refugees, and the development of small and medium enterprises - primarily in war affected areas. SEED funded democracy programs were successful as demonstrated by the January Parliamentary and January/February Presidential elections in Croatia. Building on this momentum we will continue to support programs to further strengthen democratic institutions.

International Military and Training (IMET) funds foster appreciation among Croatian military officials for the proper role of the armed forces in a democracy. If the newly-elected government in Zagreb advances toward membership in the Partnership for Peace, we would reexamine the question of other security assistance for Croatia. Croatia is also included in the FY 2000 Balkans and Southeast Europe supplemental budget request, listed in the FY 2000 Supplemental and Advance Appropriations section.

The new government has pledged to continue with the democratic evolution of Croatia and to dedicate itself to long-overdue legal, commercial and economic reforms. FY 2001 SEED funds will be used to fund programs which will strengthen democracy and democratic institutions in Croatia and address continuing social sector needs, including reintegration of war-affected population, reduction of ethnic tensions and development of cooperatives and business associations in war affected areas. Responding to the problems stemming from the deteriorating economy is the government's most pressing challenge, so FY 2001 SEED funds will be used to provide technical assistance in the areas of fiscal, budget and tax and pension reform as well as commercial laws and competition policy. Croatia is also suffering from 20% unemployment, so a portion of SEED funds will go to the support of small and medium enterprises which will be an important source of new jobs.

CYPRUS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	15,000	14,950	15,000

National Interests:

Tensions on Cyprus have serious implications for regional stability. The United States seeks to promote regional stability by facilitating a comprehensive settlement on Cyprus.

Objectives and Justification:

The island of Cyprus has been divided since the Turkish military intervention of 1974, following a coup d'etat directed from Greece. Since 1974, the southern part of the island has been under the control of the Government of Cyprus. The northern part is ruled by a Turkish Cypriot administration, recognized only by Turkey. The two parts are separated by a buffer zone patrolled by the United Nations Force in Cyprus (UNFICYP).

The annual Economic Support Fund (ESF) program is used to facilitate understanding between Greek and Turkish Cypriots, in an effort to foster an atmosphere of mutual respect and tolerance, and thereby lay the groundwork for a comprehensive settlement. In FY 2001, \$15 million in ESF for Cyprus is again requested to foster understanding between Turkish and Greek Cypriots. Most of the allocation will be available for additional bi-communal projects that promote institutional development and support civil society consistent with ongoing efforts to facilitate a comprehensive settlement. The Fulbright Commission will allocate \$4.35 million for scholarships and short-term training under the Cyprus-American Scholarship Program (CASP).

ESF for Cyprus is essential to the U.S. goal of finding a just and lasting solution to the Cyprus problem. It creates links between individuals, businesses and institutions on both sides of the island as well as with the United States. The funds also help promote concrete measures that improve the quality of life on both sides of the U.N. Buffer Zone, including the January 2000 agreement to restore two important cultural sites. Continued ESF funding for Cyprus remains crucial to our efforts to achieving progress toward a comprehensive settlement.

CZECH REPUBLIC
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	7,100	6,000	9,000
IMET	1,227	1,500	1,700

National Interests:

The United States has two primary interests in the Czech Republic. A Czech Republic with a modern military able to meet its own defense needs and contribute fully to NATO missions would be an important security partner for the U.S. and provides a vibrant model for prospective NATO members. In addition, we support the ongoing economic reforms intended to promote Czech prosperity and eventual integration into the European Union, thus providing an environment in which American business interests can thrive.

Objectives and Justification:

Helping the Czech republic identify and target defense shortcomings will maximize its contributions to NATO's role in European security and help lay the groundwork for future successful enlargements. Robust Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are essential to helping the Czechs quickly become full, contributing members of NATO. Despite a politically difficult commitment of significant domestic resources to defense, many important NATO-integration needs will remain unmet in 2001 absent outside assistance.

Reform and restructuring of the Czech military, particularly on the personnel side, will gain speed in 2000 and 2001. U.S. assistance will have maximum impact during this period. The U.S. has requested \$9 million in FMF and \$1.7 million in IMET to build upon and complement Czech national resources. Despite the fact that it is just emerging from a severe economic recession, the Czech Republic continues to meet its commitment to increase defense spending as a percentage of GDP. The Czech Army is small but capable, and has contributed to efforts in Bosnia and Kosovo.

Proposals for FY 2001 funds are aimed at improving Czech interoperability with NATO. They include:

- Broadening and intensifying English language training. The Chief of General Staff has put renewed emphasis on English capability, making it a major factor in promotions and selection for specialized training opportunities
- Development of a professional Non-Commissioned Officers (NCO) corps.

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- Development of the junior to mid-level officer corps.
- Improved combat service support, including development of a more sophisticated logistics system.
- Continued Command, Control, Communications, Computers, and Intelligence (C4-I) modernization.
- Development of a simulation center for advanced combat and combat-support training.

The Czech Republic will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist the Czech Republic in meeting defense requirements, enacting defense reforms, and furthering interoperability.

ESTONIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	4,700	4,000	6,350
IMET	675	700	800
NADR	335	--	300

National Interests:

Security and stability in Northern Europe hinge on the stability of the Baltic states, their integration into Euro-Atlantic security and economic structures, and their relations with Russia. Tensions between Russia and the Baltic states affect US-Russian and US-Nordic relations. Estonia has set the pace for former Soviet republics in integration into Western structures, having been the first to receive European Union (EU) candidate status, and its success has become a bellwether-motivating factor for other former Soviet republics, even such comparative giants as Ukraine. Estonia's projected integration into the European Union will make it one of the few EU states bordering Russia. As such, its strategic influence will grow, as will its influence on Russia's development, especially in Northwest Russia. Continued reinforcement and enlargement of Estonia's external and internal security enhances regional security efforts. We can accomplish these goals by sustaining Estonia's movement into Western security structures, nurturing the continued development of a civilian-controlled and NATO adaptable military, and by assisting Estonia to graduate from a net security user to contributor within five years.

Objectives and Justification:

After its initial successful focus on accession talks with the World Trade Organization (WTO) and EU, Estonia now has begun to give higher priority towards security aspects of NATO integration. Current defense spending stands close to 1.4% of GDP, and Estonia intends to reach 2% of GDP by 2002.

As Estonia prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, \$800,000 in FY 2001 International Military Education and Training (IMET) will help to further improve the professionalization of the military and give necessary leadership and administrative skills to more junior officers, who have replaced former Soviet-trained officials.

By offering grant excess defense articles (EDA) to Estonia to complement others' contributions, we enhance Estonia's NATO interoperability and help Estonia carry out NATO-compatible peacekeeping operations in Bosnia, Kosovo, and Lebanon. Provision of buoy tenders and excess equipment for the Baltic Naval Squadron (BALTRON) contribute to Estonian maritime sovereignty and facilitate Estonia's ongoing contribution

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to European security through minesweeping operations. This assistance also furthers our goal of enhanced regional security cooperation among the Baltic states. In FY 2001, Estonia will continue to be eligible under Section 516 of the Foreign Assistance Act for EDA grant transfer.

In FY 2001, \$6.35 million in Foreign Military Financing (FMF) will support Estonia's participation in the full range of PfP exercises and its expanded engagement in international peacekeeping operations, and ensures that the Estonian contingent of the Baltic Peacekeeping Battalion (BALTBAT) is qualified to participate fully in peacekeeping and peace enforcement. Provision of U.S. equipment with operator and maintenance training for Estonia's national center for the Regional Air Surveillance Coordination Center (RASCC) facilitates Estonia's and regional civilian/military airspace control. Contributions to the Baltic Defense College, based in Estonia, further develops a large cadre of Western-educated Estonian staff officers who will lead the future evolution of regional security. FMF also keeps Estonian force planners and logisticians focused on the practical, here-and-now steps toward meeting their MAP/NATO milestones. Finally, \$300,000 in Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) funds are requested to provide needed equipment for removal of unexploded ordinance in Estonia.

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GREECE (\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	25	25	25

National Interests:

Greece is a key NATO ally strategically located near Balkan and Middle East trouble spots, essential to Allied ability to respond concretely to Southern European contingencies. As a member of NATO and the EU, Greece is a role model for its neighbors and a leading participant in international efforts to promote stability, development and democracy in the Balkans. Greece is central to U.S. efforts to encourage the peaceful resolution of disputes in the Aegean region and a settlement on Cyprus. The U.S. also seeks to assist Greece in fulfilling its responsibilities to the NATO alliance, to strengthen cooperation on counter-terrorism, and to promote U.S. business interests.

Objectives and Justification:

By training Greek officers in the U.S. and establishing cooperative ties to U.S. officers, International Military Education and Training (IMET) contributes to the professionalization and strategic awareness of the Greek military and thus to U.S. interests. Greece has used IMET funds from past years to help sustain a modern military capable of fulfilling Greece's NATO responsibilities. Greek IMET graduates continue to advance into senior positions, providing a base of responsible and broadly-informed military leaders. Greece is also a recipient of EDA, consistent with its readiness needs and NATO obligations.

Continued IMET funding of \$25,000 in FY 2001 will support Greek involvement in multinational regional peacekeeping (three separate operations), Balkan stabilization efforts, and cooperative programs with other regional NATO allies and Partnership for Peace members. Greece has facilitated the movement of NATO troops and humanitarian aid to Kosovo, and plans to contribute over \$300 million to Balkan reconstruction. Greece recently has taken positive steps with Turkey to reduce military tensions, consistent with the general rapprochement in their bilateral relations. Greece continues to be heavily engaged in diplomatic efforts aimed at a Cyprus settlement.

HUNGARY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	7,100	6,000	9,000
IMET	1,500	1,470	1,700

National Interests:

Promoting a stable, democratic, prosperous, market-oriented Hungary, which enhances the security of a troubled neighboring region, is our primary national security interest. Hungary's forthright support for the Kosovo action two weeks after joining NATO shows that our partnership with Hungary serves our interests well. Hungary also served our national interest for humanitarian response by providing shelter for more than 5,000 registered refugees from Yugoslavia during the crisis. The NATO action also highlighted for Hungary the importance for meeting NATO Force Goals and interoperability requirements as soon as possible. The Government of Hungary kept its commitment of increasing its defense budget from 1.41 percent of GDP in 1999 to 1.51 percent in 2000. It also established a plan to free more resources for modernization and interoperability by reducing military personnel from 60,000 to 45,000 over the next decade.

Objectives and Justification:

Through Foreign Military Financing (FMF) and International Military and Education Training (IMET) assistance, the United States is able to participate directly in Hungary's modernization efforts, building habits of cooperation while at the same time improving Hungary's capabilities. Hungary has focussed previous FMF assistance on tactical communications and computer equipment, Hungary's Air Sovereignty Operations Center (ASOC), and a contractor-assisted force modernization study. Some of the work performed under the latter was used as input for the Security and Defense Principles document promulgated by the Hungarian Parliament in December 1999. With this document as a blueprint for future military reform, FY 2001 FMF will be used in support of programs to meet Hungary's security requirements. Hungarian Ministry of Defense (MoD) prioritization of requirements against available FMF includes projects related to the lessons learned from the NATO action in Kosovo. For example, the planned upgrade to Mode IV Identification Friend or Foe (IFF) for fixed and rotary wing aircraft is intended to make these aircraft interoperable with NATO aircraft. Hungary has spent \$12 million of its own funds on IFF, but still needs upgrades costing at least \$5 million. Other projected procurements include additional tactical radios and computers, simulation and training equipment, and other modernization requirements included in NATO Force Goals such as acquisition of airlift capability and new wheeled vehicles.

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National funds to meet all these requirements are still unidentified, but will surely be insufficient to meet all of Hungary's NATO modernization needs.

The IMET program for Hungary was pivotal in introducing Hungary's new military leadership to concepts and procedures which they used to prepare Hungary for NATO membership and guide Hungary's military reform. This program remains vital: We will see the first rotation of Hungarians out of NATO staff jobs in FY 2001, requiring a new pool of incoming trained officers. In addition to the obvious benefits of IMET for training in civil-military relations and defense resource management, the Hungarian Ministry of Defense plans to extend future IMET training to non-commissioned officers, whose responsibilities are slated to increase under the comprehensive reform. The \$1.7 million IMET included in the FY 2001 request will address each of these aspects of military training.

Hungary will continue to be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) where appropriate. The transfer of EDA will assist Hungary in meeting defense requirements, enacting defense reforms, and furthering interoperability.

INTERNATIONAL FUND FOR IRELAND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	19,600	23,525	24,600

National Interests:

One of the top priorities of U.S. policy in Europe is to bring about a permanent settlement of the conflict in Northern Ireland. Our interests flow from our commitment to a peaceful, democratic and prosperous Europe and to respect for human rights worldwide. The Northern Ireland conflict has been a major preoccupation for both the British and Irish governments, a serious drain on their resources, and a source of instability in Western Europe. The U.S. goal is to assure the full implementation of the "Good Friday" peace agreement, which provides the best opportunity this century for lasting peace and reconciliation in the province. Through its support for the International Fund for Ireland (IFI) and the Irish Peace Process Cultural and Training Program (IPPCTP), the United States strengthens the progress already made in implementing the peace agreement and helps sustain the peace.

Objectives and Justification:

The annual U.S. contribution to the International Fund for Ireland (IFI) helps foster economic regeneration, job opportunities, and cross-community cooperation in Northern Ireland and the border counties of Ireland. The IFI was established by the British and Irish governments in 1986 to promote economic and social advancement and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland and Northern Ireland. In addition to the United States, financial contributors are the European Union, Canada, Australia, and New Zealand.

The FY 2001 contribution of \$19.6 million in Economic Support Fund (ESF) will help support two elements identified as priorities of the U.S. in its contributions: job creation and the expansion of private sector activities. Fund projects have produced over 30,000 jobs for young adults who might otherwise have joined paramilitary groups. The Fund has underwritten over 3,000 projects in the areas of urban development, education, tourism, community infrastructure, and assistance to small businesses. Disbursements from the Fund are made on the basis of equality of opportunity and nondiscrimination in employment, addressing needs in both Catholic and Protestant communities. As a U.S. initiative, a micro-enterprise loan fund -- Aspire -- was established in 1999 to promote entrepreneurship. An IFI commitment helped leverage an unprecedented contribution from Northern Ireland's financial sector to this project. The Fund will also use U.S. funds to leverage public and private sector investments. For every dollar that the Fund has committed, an additional \$1.90 has been committed from other sources.

President Clinton signed the Irish Peace Process Cultural and Training Program Act of 1998 at the end of October 1998. It directs the Secretary of State and the Attorney General to establish a Program for young people who are residents of Northern Ireland and the border counties of the Republic of Ireland to "develop job skills and conflict resolution abilities." The IPPCTP is intended to support economic regeneration and peace and reconciliation in Ireland. The State Department is authorized to provide up to 4,000 non-immigrant visas in each of three years, inclusive of spouses and children of the trainees. Participants must have confirmed job offers before they enter the United States and may work here for up to 36 months. The Program includes a re-employment component to assist participants in finding jobs in their fields back home.

The Program will target the long-term (three months or more) unemployed as well as those who have been made redundant or received redundancy notices. A small number of employed persons who have been nominated by their employers will be admitted to the program. Program organizers are committed to ensuring that equality of opportunity in relation to community background, ethnic origin, gender and disability is paramount throughout all phases of the Program.

U.S. job opportunities will focus on nine business sectors in which personnel or skills shortages exist in Ireland and Northern Ireland, or where strong future growth and/or new investment is expected. State Department has partnered with the Training and Employment Agency (T&EA) of Northern Ireland and the Training and Employment Authority (FAS) of the Republic of Ireland to implement the Program. The first groups of participants are expected to arrive in the United States to start job training in March of April 2000. The law sunsets in 2005. The FY 2001 funds will also be used in part to purchase the services of a Program Administrator to manage the day-to-day operation of this effort.

KOSOVO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	77,226	150,000	175,000
PKO	11,619	40,000	29,000
ESF	9,900	10,000	--

National Interests:

In 1999, the U.S. fought its biggest military campaign in Europe since 1945 in order to defend the human rights of Kosovars and to uphold the writ of the international community throughout Europe. The situation now tests whether U.S. policy instruments excel solely at destruction, or can also sustain a long-range program to realize a positive agenda of democratization, economic recovery, and integration into the Euro-Atlantic system. Program funding aims above all to cultivate internal conditions that ensure security of U.S. troops and enable their earliest possible withdrawal. Achieving such conditions will also contribute to stability and economic development of the Balkan region and to democratic change in Serbia.

Objectives and Justification:

In its second full fiscal year since the conflict, U.S. assistance will support an interlocking set of objectives to stabilize and transform Kosovo into an economically viable, democratically self-governing territory.

UN Interim Administration Mission in Kosovo (UNMIK) will continue to serve as scaffolding by which Kosovar self-government is constructed. Aside from support for civilian police (below), the most of our aid to Kosovo through UNMIK will consist of support to the Kosovo budget. Some should take the form of technical assistance in specialized functions (e.g., finance). We expect UNMIK's CY 2001 Kosovo budget expenditures to remain at approximately \$250 million, the same level as in CY 2000. UNMIK's revenue collection capacities should improve with experience and organization, but cannot be counted upon to bring in more than \$150 million. Assistance for Eastern Europe and the Baltic States (SEED) will fund the U.S. contribution to UNMIK.

Legitimate institutions of local self-government will emerge out of elections scheduled for September 2000. These are to serve as nucleus around which Kosovo's democratic system can coalesce. Success in this domain is the ultimate benchmark for withdrawal of U.S. troops from Kosovo. Institution building will therefore be a dominant theme of SEED funding in FY 2001. We intend to boost investment in capacity of local government to serve and respond to needs of the governed. Technical assistance,

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training, material donations will make up most of this aid. Aid targets include media, youth, and cultivation of new leaders. Total projected SEED funds for FY 2001 is \$40 million. Kosovo is also included in the FY 2000 Balkans and Southeast Europe supplemental budget request, listed in the FY 2000 Supplemental and Advance Appropriations section.

Law enforcement and administration of justice remain critical to preserving public safety and the rule of law in Kosovo, which enable local institutions to form and mature. The U.S. intends to continue its support to the UN International Police (UNIP) at a level in FY 2001 comparable to FY 2000 (that is, approximately 700, assuming the proposed FY 2000 supplemental). Our support for the training and equipping of the Kosovo police service will also continue at a level comparable to FY 2000. Support for a functioning criminal justice system, with effective criminal courts and corrections facilities that abide by international human rights standards, will be expanded as well. Total projected for FY 2001 is \$70 million of SEED and \$15 million of Peacekeeping Operations (PKO).

Human rights and investigation of war crimes play a similar role, although we expect this to diminish as local institutions take shape and the caseload left from the 1998-1999 conflict in Kosovo is worked through. Total projected for FY 2001 is \$5 million of SEED.

Economic recovery is vital to realization of the foregoing objectives, and vice versa. The U.S. has stated that the European Union and its member countries must contribute the lion's share of assistance toward reconstruction of Kosovo. Under these circumstances, U.S. sees its comparative advantage in catalyzing grass-roots economic activity. USAID's programs in micro-lending, banking reform, privatization, community development, and NGO development are expected to anchor the U.S. contribution to Kosovo's economic recovery, with SEED funding projected at \$49.9 million.

The Organization for Security and Cooperation in Europe (OSCE) mission and activities in Kosovo projected for FY 2001 are funded out of PKO. In FY 2001, the OSCE is tasked to help rebuild from the core the full range of institutions needed for a functioning society out of the \$29 million in PKO funding. The OSCE Mission in Kosovo is concentrating its work on human resource capacity building (police, judiciary, civil administrators), democracy and governance projects (NGO development, political parties, local media), and organization and supervision of elections. The OSCE's work in Kosovo is a key component of the overall framework of the United Nations Interim Administration Mission in Kosovo (UNMIK).

LATVIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	4,700	4,000	5,350
IMET	729	700	750

National Interests:

Security and stability in Northern Europe hinge on the stability of the Baltic states their integration into Euro-Atlantic political, military, and economic structures, and their relations with Russia. The U.S.-Baltic Charter of Partnership establishes a framework for long-term cooperation in the political, economic and security fields. We are promoting the Charter's principles: Latvia's candidacy for eventual inclusion into Euro-Atlantic institutions such as the EU and NATO; good-neighbor relations, including Russia; and strengthened cooperation among the Baltic countries. U.S. defense and military assistance programs will provide material aid and training, complement allied and partner-nation support for Latvia by participating in multilateral projects, and enhance the professionalism in the Latvian defense establishment.

Objectives and Justification:

Since regaining independence, the Latvian military has had to build from essentially nothing into a territorial defense force with a modest capability to participate in international operations. The government's ability to procure significant new defense equipment and develop this force has been hindered by a lack of available national funding. Nevertheless, Latvia's defense budget increased in 1999 by 30% and is projected to grow by 30% in 2000 and 40% in 2001. Essential salary reforms and quality of life projects such as housing that are necessary to build a professional force has been a top priority and will continue to consume a large part of these initial budget increases. The overall top priority is enhancing military professionalism and NATO interoperability.

FMF is, therefore, and will continue to be critical in sustaining Latvia's effort to become fully interoperable for participation in NATO, PFP, and NATO-associated operations, to include peacekeeping, peace enforcement, and humanitarian assistance. Therefore, \$5.35 million in FY 2001 FMF will go to high priority goals, including:

- development of the active-duty Latvian infantry battalion--both as a source for rotation of the Baltic Peacekeeping Battalion (BALTBAT) companies and as a means to continue enhancing Latvia's NATO interoperability;
- development of the national training center and of a training system for commissioned and non-commissioned officers and conscripts,

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- development of a material management and personnel management system;
- provide logistical training and support the transfer of ships as excess defense articles (EDA) to Latvia (since Latvia is eligible to receive grant EDA in FY 2001) for the Baltic Naval/De-Mining Squadron (BALTRON);
- support for the Regional Air Surveillance Coordination Center (RASCC); and
- procurement of NATO-compatible communications systems, light and heavy trucks, and individual soldier equipment.

English language training and a robust IMET program have been fully utilized in the past and will continue to be essential in the development of a professional and well-educated corps of civilian defense officials and commissioned armed forces officers that strengthen support for democratic values, civil control of the military, and adoption of doctrine, procedures, and training techniques consistent with Western democracies. In FY 2001, Latvia will continue to be eligible under Section 516 of the Foreign Assistance Act for EDA grant transfers.

LITHUANIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	2,300	--	--
FMF	4,700	4,400	6,500
IMET	727	\$700	750

National Interests:

Security and stability in Northern Europe hinge on the stability of the Baltic states, their incorporation into Euro-Atlantic security and economic structures, and their relations with Russia. Lithuania's integration into regional security structures and its development of civilian-controlled, NATO-compatible defense forces contributes directly to U.S. national interests by increasing regional stability. Within the past decade, Lithuania has repeatedly proven its ability to get along well with every country in the region, and has promoted, funded, and implemented confidence and security building measures in Kaliningrad and Belarus where others have not attempted or failed. By supporting Lithuania's development of a credible deterrent force and enhancing its ability to interact with NATO forces, the United States is fostering stability and dialogue in the region.

Objectives and Justification:

Lithuania is committed to achieving full integration into Western security structures. With dual-citizen Americans serving as President, Deputy Defense Minister, Chief of Defense, and other high-level positions, Lithuania clearly looks to the United States as its primary guide to enhance its security. Current defense spending stands close to 1.4% of GDP, and Lithuania intends to reach 2% of GDP by 2002.

As Lithuania prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, International Military Education and Training (IMET) contributes to the overall professional development of the military and gives necessary leadership and administrative skills to more junior officers, who effectively have replaced former Soviet-trained officials. \$750,000 in IMET has been requested for FY 2001.

By offering grant excess defense articles (EDA) to Lithuania to complement others' contributions, we enhance Lithuania's NATO interoperability and help Lithuania carry out NATO-compatible peacekeeping operations in Bosnia and Kosovo. Provision of excess equipment will contribute to Lithuanian maritime sovereignty and facilitate Lithuania's ongoing contribution to European security through minesweeping operations.

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This assistance also furthers our goal of enhanced regional security cooperation among the Baltic states.

FMF supports Lithuania's participation in the full range of PfP exercises and its expanded engagement in international peacekeeping operations, including the new Polish-Lithuanian Battalion, LITPOLBAT. It ensures that the Lithuanian contingent of the Baltic Peacekeeping Battalion (BALTBAT) is qualified to participate fully in peacekeeping and peace enforcement. Provision of U.S. equipment and maintenance training needed to put the system into operation for the Regional Air Surveillance Coordination Center (RASCC), facilitates Lithuania's and regional civilian/military airspace control and, concomitantly, the Alliance's, through shared intelligence. Contributions to the Baltic Defense College further develop a large cadre of Western-educated Lithuanian staff officers that will lead the future evolution of regional security. FMF also keeps Lithuanian force planners and logisticians focused on the practical, here-and-now steps toward meeting their MAP/NATO milestones. FMF also would be used to provide needed mapping on Lithuania's borders, English language labs and materials, naval communications (e.g., sonar scanners) for use in BALTRON, and individual and unit nuclear, biological, and chemical protection. The \$6.5 million requested in FY 2001 will further be used to conduct mobile training teams in mortar, special forces, M14 use, and mine disposal. In FY 2001, Lithuania will continue to be eligible under Section 516 of the Foreign Assistance Act for EDA grant transfers.

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	32,500	30,000	30,000
FMF	6,000	4,000	7,900
IMET	448	500	550
ESF	22,000	--	--

National Interests:

Key U.S. interests in the Former Yugoslav Republic of Macedonia (Macedonia) include the maintenance of peace and stability in Macedonia and Southeastern Europe, the cementing of its nascent democracy, and its full transition to a market economy. Our bilateral and regional interests lie in furthering the successful Macedonian model of a working multi-ethnic democracy, with constructive relations with all neighbors, and strong, stable political institutions. Though economically the hardest hit of the countries of Southeast Europe during the Kosovo crisis, Macedonia played a key role as first refuge for hundreds of thousands of refugees, as launching pad for U.S. and allied military efforts, and serving as the long-term conduit for humanitarian assistance and military logistics for Kosovo. The United States has a compelling stake in reinforcing Macedonia against external threats to its stability, while supporting its internal political and economic transition and facilitating its integration into the Euro-Atlantic mainstream.

Objectives and Justification:

FY 2001 SEED funds of \$30 million will focus on promoting Macedonia's further economic recovery and democratic self-renewal.

SEED assistance of approximately \$14.5 million will fund programs designed to stimulate the private sector and assist the Macedonian government in refining its framework for a market economy. Aid will largely take the form of technical assistance in areas of enterprise development, legal and accounting reform, privatization and labor re-deployment, and financial sector reform. Within the overall \$14.5 million, about \$4 million of SEED funding will help Macedonia improve its investment climate, solidify its economy, and adopt international standards that facilitate its integration into international and Euro-Atlantic institutions.

Approximately \$15.5 million of SEED will fund programs that support Macedonians' efforts to knit their multi-ethnic society more closely together and develop institutions in which potential conflicts can be resolved peacefully and democratically. About half this funding will go to programs supporting citizen participation in democratic institutions, including NGOs, media, and community building. Roughly one-fourth will

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fund programs to develop the judiciary and combat corruption. Another quarter will support an enhanced international visitor program, bringing future Macedonian leaders to the United States for training and orientation. The Ron Brown Fellowship program (providing graduate-level scholarships in fields such as law and economics), training for journalists, civic education and English teaching programs are other examples of such programs.

FMF and IMET support defense training consistent with the U.S. and NATO goal of restructuring and modernizing the capabilities of the Macedonian military. FMF supports building the capabilities of the Macedonian armed forces according to parameters in Macedonia's NATO Membership Action Plan. The Macedonian military continued to make good use of U.S. military training and equipment, and can be expected to fully utilize opportunities in FY 2001. We are therefore recommending a substantial increase in FMF over FY 2000, from \$4 million to \$7.9 million, as part of our post-Kosovo pledge to accelerate progress toward regional stability. The Macedonian government has committed the military to restructuring and moving the Macedonian Army toward NATO standards. FMF will be used to support this process by helping military units forming the centerpiece of the Macedonian Army to be equipped and ready to begin training to NATO standards. FMF will also support the continued use of an American contract firm, MPRI, to provide guidance and advice on the restructuring process.

The Kosovo crisis of 1999 fully engaged the government and military of Macedonia, causing delays in various military projects and necessitating the rescheduling of training programs which had been planned earlier. One important project, the establishment of a non-commissioned officer (NCO) corps, has made good progress, and is recognized by USG and the Macedonians as essential in their efforts to restructure according to NATO standards. Under IMET, which is planned to increase from \$500,000 to \$550,000 in FY 2001, numbers of Macedonian NCO's are receiving key training through U.S. programs, and are being slotted appropriately into unit structures. Macedonia has used the NATO KFOR presence as an opportunity to familiarize officers with NATO procedures, and has successfully sought joint training opportunities with tactical NATO units present in Macedonia.

Closely related to the goal of assisting Macedonia to control its borders is the problem of stopping the illicit trafficking in small arms and light weapons. There has been a flood of these weapons from the Kosovo crisis and the other conflicts that have affected the region over the last decade. Macedonia has demonstrated leadership in the region on the issue in the Stability Pact and NATO's Euro-Atlantic Partnership Council. Both forums have called for destruction of seized and surplus weapons and for securing weapons necessary for defense, and Macedonia has expressed interest in participating.

Macedonia will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist the Macedonia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

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MALTA (\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	300	--	--
IMET	109	100	100

National Interests:

The United States supports Malta's integration into the Euro-Atlantic mainstream. This will reduce Libyan influence and result in Malta being a more important partner of the United States in tackling major post-war challenges such as preventing the proliferation of weapons of mass destruction, the expansion of mutually beneficial trade and investment, and the shaping of a more stable, secure Europe.

Objectives and Justification:

As the primary U.S. assistance to Malta, IMET is a major tool for ensuring that Malta remains oriented towards the U.S. and Western Europe, particularly in security matters. IMET has become our major means of accessing Malta's security establishment and maintaining a positive dialogue on important regional security issues, including Libya and counterterrorism. IMET programs enhance Maltese capability to interdict shipments of sanctioned materials to Libya and narcotics trafficking through the Maltese islands.

The \$100,000 in IMET funds requested in FY 2001 will be used to provide professional military and communications training and to support maritime twinning programs.

Malta will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Malta in meeting defense requirements, enacting defense reforms, and furthering defense interoperability.

MONTENEGRO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	25,980	24,000	55,000
ESF	15,000	11,139	--

National Interests:

Montenegro serves as a model, stimulus, and a platform for efforts to effect a democratic transformation in the Federal Republic of Yugoslavia (FRY). U.S. assistance is necessary to ensure that the democratically-elected and reform-oriented government of Montenegro endures and contributes to the establishment of lasting peace, stability and prosperity in Southeast Europe. The goal of our assistance is a democratic and prosperous Montenegro within a democratic and reformed Yugoslavia.

Objectives and Justification:

The Government of Montenegro (GOM) has chosen the path of political and economic reform. Implementing these reforms is essential to the survival of Montenegro's nascent democracy, which is under constant threat from FRY leaders in Belgrade who oppose reform. Keeping Montenegro strong will deter the authoritarian regime in Belgrade from provoking a new conflict in Montenegro and will demonstrate to FRY citizens everywhere the benefits of democracy and cooperation with the U.S. In FY 2001, we plan to use \$55 million in Assistance for Eastern Europe and the Baltic States (SEED) funds to help bolster the reform process and stabilize Montenegro's economy. From these accounts we estimate approximately \$30 million in budget support will be needed to help the GOM pay for essential imports such as electricity, fuel, and wheat, and for pension obligations. This will help ensure the success of the Montenegrin DM-based currency regime and provide support for President Djukanovic's reform programs. We also estimate that \$25 million will be provided in technical assistance to enable the GOM to enact new policies and procedures designed to shore up the GOM's financial situation, stabilize the Montenegrin economy, and reduce the need for SEED assistance in the future.

Near term technical assistance programs will concentrate on macro-financial policy support, tax administration, budget management, banking regulatory assistance and training, and promoting democratic reforms. Long-term technical assistance in FY 2001 will expand upon these programs, and also focus on tax policy, procurement reform, bank restructuring, privatization of major infrastructure assets, and business law reforms. Montenegro is also included in the FY 2000 Balkans and Southeast Europe supplemental budget request, listed in the FY 2000 Supplemental and Advance Appropriations section.

POLAND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	20,000	--	--
FMF	6,600	8,000	12,300
IMET	1,600	1,600	1,700

National Interests:

Poland is a key ally and partner in U.S. efforts to enhance security and promote economic prosperity in Europe. We have a strong interest in helping Poland improve its military capabilities and interoperability with NATO, because Poland maintains a firmly pro-Atlanticist orientation within the Alliance, aspires to become a strong net contributor to the NATO collective defense effort, and serves as a model and a mentor for prospective NATO members. Poland can also contribute significantly to the enhancement of political and economic stability in eastern and central Europe, by sharing its experiences with a successful transition to a free market democracy.

Objectives and Justification:

Poland has been remarkably successful with its transition to a free market democracy, and Assistance for Eastern Europe and the Baltic States (SEED) Act assistance has been an important source of support for Polish reforms. While the transition is not yet fully completed, Poland is now far enough along to continue without SEED funding, which ended in FY 1999, and is now ready to serve rather as a model for other less-developed countries receiving SEED support.

A great deal still needs to be done for Poland to achieve full interoperability with NATO, and to meet its full potential to contribute to the Alliance's collective defense capability and to international peacekeeping. Poland continues to increase defense spending in real terms, despite the many other important social needs for budget resources in a transition economy, and it coordinates its military modernization and restructuring closely with NATO to assure that the resources are used to the maximum effect.

Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs are an important way for the United States both to show support for these efforts and to contribute to them directly. For FY 2001, we propose to provide \$12.3 million in FMF and \$1.7 million in IMET. The funds will be used for a variety of programs, including professional military training, communications and navigation equipment, search and rescue equipment, airfield and infrastructure improvements and upgrades, physiological training equipment, logistics improvement, monitoring and

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measuring equipment, mapping service equipment, and enhanced international peacekeeping capabilities.

Poland will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Poland in meeting defense requirements, enacting defense reforms, and furthering NATO and Western interoperability.

PORTUGAL
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	700	700	750

National Interests:

Portugal is a founding member of NATO and a member of the European Union. Portugal continues to maintain strong transatlantic ties and pursue close military cooperation with the United States. The 1995 Agreement on Cooperation and Defense provides U.S. forces continued access to the strategic Lajes Air Base in the Azores. The Lajes Base served as a staging point for the U.S. during NATO's military operations in Kosovo, Desert Storm and Desert Fox, supports our ongoing operations in Bosnia and Kosovo and works closely with the U.S. on UN Security issues.

Portugal's continued participation in international peacekeeping operations directly benefits U.S. security goals. The U.S. also wishes to maintain strong cooperation at the Lajes Air Base, and Portugal's support within the EU for US positions.

Objectives and Justification:

The International Military Education and Training (IMET) program continues to be an essential component of the Portuguese military force modernization program, which includes efforts to create an all-volunteer military within four years. The modernization effort is intended to strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts, e.g., in Bosnia, Kosovo and East Timor. Our efforts are also directed toward enhancing Portugal's Atlanticist orientation by building ties with future military leaders and reinforcing the existing preference for U.S. manufactured defense equipment. The IMET program bolsters this strategy by establishing close bilateral relationships between the U.S. and Portuguese militaries as well as providing training to support U.S. supplied defense systems. Our efforts are also directed to reinforce Portugal's Atlanticist orientation by building ties to future military leaders and to reinforcing the existing preference for U.S.-manufactured defense equipment.

Portugal is eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA will be used to support Portugal's force modernization efforts and enable Portugal to participate in international peacekeeping.

ROMANIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	41,400	35,000	35,000
FMF	6,500	6,000	11,000
IMET	1,111	1,100	1,300
ESF	14,000	--	--

National Interests:

The U.S. has an interest in the continued development of a democratic oriented Romania at peace with its neighbors and respectful of human rights. As the largest country in size and population in Southeast Europe, Romania has the potential to make a significant contribution to security in a troubled region. Presidents Clinton and Constantinescu declared a "Strategic Partnership" between the U.S. and Romania in 1997. A stable and democratic Romania, benefiting from a free market economy and its location at the crossroads of Southeast Europe, can offer attractive business and investment opportunities for U.S. companies. U.S. assistance supports Romanian efforts in political, economic and military reform.

Objectives and Justification:

Romania's economic transition is at a delicate stage. The economic and political distortions of the communist era have posed great challenges to post-1989 Romanian governments. GDP declined by about 7% per year from 1997-99. The United States is engaged in such activities as providing advisors to the Ministry of Finance in the critical areas of privatization, debt, and macroeconomic reform. Assistance for Eastern Europe and the Baltic States (SEED) funds also help support the development of democratic institutions, including local government, public administration, NGOs, and the courts. Exchange programs promote democratic thinking and expose current and future leaders to American democracy. National elections are expected in fall 2000 and will be a significant milestone in the consolidation of democracy. SEED funds for FY 2001 will assist Romania combat cross border crime and foster regional linkages by supporting development of a regional anti-crime center in Bucharest and also help Romania improve its social safety net in such areas as child welfare and pension reform.

U.S. bilateral military assistance is focused on helping Romania contribute to stability in Southeast Europe by establishing a strong, efficient military under effective civilian control and enjoying a cooperative relationship with NATO, including through active participation in the Partnership for Peace. Our Foreign Military Financing (FMF) assistance in FY 2001 includes a program under which the U.S. Marine Corps is helping Romania develop a modern non-commissioned officer (NCO) corps on NATO-interoperable standards. Ten USMC NCO trainers are on the ground now in Romania

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training Romanian NCO trainers. We are also working to support implementation of a reform plan adopted by the Ministry of Defense in 1999 that will downsize and professionalize the Romanian military and make it more interoperable with NATO. FMF also pays for equipment for Romania's Rapid Reaction Force (RRF) to improve its ability to participate in NATO peacekeeping efforts. FMF is also funding a robust English Language Training program and helps the Romanian MOD purchase NATO-interoperable communications equipment.

IMET training will continue to expose the new generation of the Romanian military to professional military education and both military and civilians to such Expanded IMET courses as defense resources management. The GOR continues to be determined to expose as many officers as possible to U.S. military training and to make good use of graduates in future assignments.

Romania will continue to be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Where appropriate, the transfer of EDA will assist Romania in meeting defense requirements and furthering NATO interoperability.

SERBIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	6,455	25,000	41,500

National Interests:

Promoting stability in Southeastern Europe is a key U.S. interest. The development of a democratic Serbia, respecting human rights and the rule of law, is essential to the eventual integration of Serbia and the Federal Republic of Yugoslavia (FRY) into the international community. Such improvements will help end the need for U.S. peacekeeping forces in the region.

Objectives and Justification:

Recent history has repeatedly demonstrated that stability in Southeastern Europe cannot be achieved as long as Slobodan Milosevic is in power. Hence, we must do all we can to advance the process of democratization in Serbia. After the end of the NATO air campaign, the President (speaking in Sarajevo) pledged strong U.S. support for Serbian democratization. Fulfilling that pledge, the U.S. immediately committed a total of \$11.8 million of Assistance for Eastern Europe and the Baltic States (SEED) funds for projects to aid democratic forces in Serbia. In FY 2001, SEED funds will be used to maintain and strengthen Serbian opposition efforts to replace the Milosevic regime with a democratic government. Through a combination of material and technical assistance as well as training, we will support the three key components of the democratic movement in Serbia: opposition political parties and alliances; independent media; and grass-roots organizations such as pro-democracy NGOs, labor unions and youth groups. We will also carry out programs designed to: increase the effectiveness and accountability of local government; strengthen public awareness of rule of law issues and lay the groundwork for the development of a legal system that will facilitate political and economic reform; and help the democratic opposition develop a comprehensive action plan for economic, political and administrative reform.

In addition, funding will be used to maintain and enlarge the ability to broadcast television and radio into Serbia from sites in neighboring areas, providing a back-up source of objective information should the regime completely suppress Serbian independent media. Finally, SEED funding for FY 2001 will support a package of education and exchange programs designed to enhance the expertise of promising young Serbs in playing an active role in the difficult process of political, economic and administrative reform that will begin once Serbia has a democratic government. Serbia is also included in the FY 2000 Balkans and Southeast Europe supplemental budget request, listed in the FY 2000 Supplemental and Advance Appropriations section.

SLOVAKIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	3,000	-	-
IMET	623	650	700
FMF	3,000	2,600	8,400

National Interests:

It is in the national interest of the U.S. for Slovakia, the country at the geographic center of Europe, to continue to be an increasingly positive force for regional stability in Central and Eastern Europe (CEE). To accomplish this, we support continued economic, political and military reform and Slovakia's eventual integration into Euro-Atlantic institutions, particularly NATO, OECD, and the EU. We are also interested in Slovakia implementing effective export control strategies to prevent transfer of arms to pariah states, bolstering crime-fighting efforts to minimize the impact on the U.S. from CEE criminal organizations, and developing an improved business climate, including reducing corruption, to create expanded trade and investment opportunities for U.S. firms and support the development of a democratic, market-oriented society.

Objectives and Justification:

The government of Prime Minister Dzurinda, unlike its predecessor, has shown a clear commitment to democracy, reform and western-oriented policies. Our policy seeks to recognize this commitment and anchor Slovakia into a democratic Europe by supporting the government's ambition to integrate into Western institutions. Assistance for Eastern Europe and the Baltic States (SEED) program funding in past years was a key to supporting the development of organizations committed to democracy and rule of law, which were instrumental in bringing a reform-minded government to power. The Slovakia SEED program and the USAID mission in Slovakia will close at the end of FY 2000. Without bilateral SEED assistance it will be much more difficult for us to help the Slovak government consolidate democratic, economic and legal reform, and advance in other important areas such as the fight against corruption. The disappearance of our core assistance capability just as a cooperative government is seeking to implement reforms we advocate increases the importance of recognizing Slovakia's new direction through increased support by other means.

Slovakia is one of the nine aspirants for NATO membership participating in the Membership Action Plan process. The Slovaks have identified 80 specific tasks in their MAP geared toward westernizing their military and enhancing NATO interoperability. The \$8.4 million requested for Foreign Military Financing (FMF) in FY 2001 and the

\$700,000 for International Military Education and Training (IMET), will help promote regional stability and cement Slovakia's place in the West through supporting Slovakia's military reform efforts. Slovakia's importance to NATO was shown during the Kosovo conflict, when overflight and transit rights were crucial to effective conduct of the military campaign. The increase in funds requested for FY 2001 reflects Slovakia's ambitious military restructuring plan, in line with recommendations from a FY 2000 DOD assessment of Slovakia's military.

Funds will be used to strengthen Slovakia's ability to contribute to NATO peacekeeping missions - such as its 40 member unit serving with KFOR - and Partnership for Peace (PFP) activities through purchase of defense articles and services that target improvements in the areas of personnel development, resource management, English language capability, logistics, acquisition and communications. The requested assistance will help Slovakia become a more capable partner in the region and a stronger candidate for NATO membership.

Slovakia will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Slovakia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

SLOVENIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	2,600	2,000	3,500
IMET	650	650	700

National Interests:

As a peaceful middle-income democracy, Slovenia is a stabilizing factor in a crisis-ridden area. Its eventual integration into and participation in Western institutions such as NATO and the European Union could be a force for peace, especially given Slovenia's cultural, historical, social, political and personal ties with the states which constituted the former Yugoslavia.

The United States seeks to encourage Slovenia's continued political and economic transition from communist rule to full-fledged Euro-Atlantic partner. As a partner, Slovenia serves as a bridge between East and West, and plays a central role in exporting peace and stability to Southeast Europe.

Objectives and Justification:

The primary objectives of U.S. military assistance in Slovenia are to promote stability, reduce the likelihood of further armed conflict, promote democracy, promote civilian control of the military, promote military professionalism, build military capabilities, and further develop closer relations with the U.S. and NATO.

These will be met by: providing training opportunities that strengthen the professionalism and leadership skills of Slovenia's military personnel; providing training and equipment that improves interoperability and standardization of Slovenian forces with U.S. and other NATO forces; providing training that helps improve technical and managerial skills of military personnel; using the International Military Education and Training (IMET) program to provide defense resource management courses, civil-military relations courses, and other courses for senior-level civilian and military planners; and assisting the MOD in making procurements for its military which not only benefit its own defense structure, but also contribute to regional stability.

Left virtually without military equipment, infrastructure or organization after its ten-day war for independence in 1991, Slovenia has striven to model its fledgling armed forces on those of the U.S. and other NATO Allies. The MOD has used previous-year Foreign Military Financing (FMF) grant money to increase Slovenian interoperability by purchasing English language training, computer simulation center hardware and software, and small-unit infantry training equipment. Modernization efforts will continue in

FY 2001, with special emphasis on equipping all maneuver units with new or upgraded equipment and developing a NATO-compatible logistical support doctrine and a modern logistics system. In tandem with other NATO interoperability-driven efforts, this will require a higher level of FMF funding. The proposed increase for FY 2001 to \$3.5 million reflects both Slovenia's ambition to achieve interoperability in the near future and its recognized status as a front-runner for NATO membership at the time of the next Summit.

The MOD and General Staff have repeatedly shown strong interest in using IMET funding to send Slovene officers to the senior service staff schools (War Colleges and Command and Staff Colleges) and in infantry, signal, intelligence, air defense artillery, and field artillery basic and advanced courses. The General Staff has also repeatedly requested slots to the Marine Corps Drill Instructor, Platoon Sergeant and Squad Leader courses. It has also requested a number of technical courses, including combat casualty/medical, logistics and resource management. Additionally, the MOD remains strongly interested in hosting mobile training teams -- past teams have taught logistics, staff procedures, material acquisition, and public affairs. The long-term focus of Slovenian training requests will be in sending mid-grade officers to advanced officer courses and in increased NCO training.

For FY 2001, the IMET request for \$700,000 represents a pro-active boost to the military education system in anticipation of an end to the military hiring freeze now in place. The MOD requires a better-trained, more professional officer and NCO corps now, before active duty personnel strength increases significantly in the next few years.

Slovenia will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Slovenia in meeting defense requirements, enacting defense reforms, and furthering NATO and Western interoperability.

TURKEY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	2,000	--	--
IMET	1,514	1,500	1,600
INCLE	500	500	500

National Interests:

Turkey is vitally important to U.S. national security. Turkey is a key NATO ally located at the strategic nexus of Europe, the Middle East, the Caucasus and the Caspian, and is an active participant in regional stabilization initiatives. Turkey borders two countries -- Iran and Iraq -- which pose military, terrorist, Weapons of Mass Destruction (WMD) and strategic economic threats to the United States. Turkey provides crucial cooperation with the U.S. on Iraq, including hosting Operation Northern Watch (ONW). The U.S. national interest in democracy is reflected in programs with the Turkish military that promote improved civil-military relations. Support for Turkish efforts to combat narcotics trafficking is a key law enforcement interest of the U.S., while our interest in Global Issues is reflected in a highly effective USAID-funded population control program.

Objectives and Justification:

International Military Education and Training (IMET) provides Turkish military personnel with the training needed to improve interoperability with U.S. and NATO forces. Turkey currently contributes peacekeeping brigades to KFOR in Kosovo and SFOR in Bosnia. IMET not only improves the professionalism of future leaders, it also introduces them to U.S. concepts of the proper role of the military in a democratic society. Training also helps support Turkey's participation in international peacekeeping operations and assists Turkey's military professionalization programs. IMET has created a strong cadre of senior Turkish officers who know and employ U.S. defense doctrine and equipment.

Turkey's fabled location at the crossroads between Europe and Asia makes it a prime transit route for heroin smuggled from Southwest Asia to Europe. U.S. counternarcotics assistance will provide training and equipment to strengthen Turkey's investigation and interdiction efforts, as well as promote demand reduction and public awareness. Turkey is also a traditional cultivator of poppy and maintains a licit breeding program under strict controls. An experimental licit poppy-breeding project helps enhance the economic viability of the industry in order to prevent diversion of crops and farmers into the illicit market, and to support the market for pharmaceutical raw products.

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Development assistance is in the process of being phased out for Turkey after attaining several successes. Contraceptive use in Turkey has increased from 38% in 1978 to 64% in 1998, while fertility rates have dropped by half over the last twenty-five years. The Turkish government has now assumed full responsibility for procurement and distribution of contraceptives for the public sector and a robust "NGO Network for Women" has been established. FY 2001 is expected to mark the final year of this successful program. Limited central funding is targeted to protect programmatic gains and improve the sustainability prospects for both public and private sector systems.

Turkey will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under 516 of the Foreign Assistance Act where appropriate. The transfer of EDA will assist Turkey in meeting defense requirements, enacting defense reforms, and furthering interoperability.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
TRUST FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	--	10,000	15,000

National Interests:

The United States seeks to encourage stability in the Balkans by spurring sustainable economic growth, and the European Bank for Reconstruction and Development (EBRD) has demonstrated its ability to significantly influence such growth. The proposed Trust Fund, and the U.S. donation, will promote economic stability in the Balkans, and leverage significant funding expected from the EBRD and other bilateral donors.

Objectives and Justification:

Since the United States is investing heavily to stabilize the Balkan region, it seeks to wield more influence in the EBRD. The FY 2001 request of \$15 million in Assistance for Eastern Europe and the Baltic States (SEED) represents the second year of a four-year pledge to contribute \$50 million to the EBRD. Contributions to the EBRD trust fund will: (1) leverage additional EBRD lending in the Balkans; (2) provide financing, primarily to small-to-medium enterprises (SMEs), by on-lending through eligible banks, building upon Trust Fund supported technical assistance (TA); (3) identify legal and regulatory constraints to financing and developing private enterprises, particularly SMEs; and, (4) provide technical assistance to promote sound business practices and good governance at participating banks.

Lessons drawn from the Russia crisis point clearly to the need to improve the business and institutional environment in which the EBRD operates. The EBRD's transition impact could increase substantially if new projects were linked to government policy and regulatory action, and if the EBRD's considerable influence was used with local and regional authorities. The Trust Fund would constitute an integrated approach to EBRD's operations and provide much needed TA in Southeast Europe. We expect that the Trust Fund could serve as a model for increased EBRD engagement on addressing policies and regulations that constrain private sector development in the region more broadly.

ORGANIZATION FOR SECURITY
AND COOPERATION IN EUROPE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
PKO	6,231	7,368	10,000

National Interests:

The FY 2001 request for contributions to the Organization for Security and Cooperation in Europe (OSCE) supports U.S. policy goals of preventing destabilizing conflicts in the former Soviet Union, containing/reducing instability in the Balkan states and Caucasus, and following through on the OSCE's responsibilities as called for under the Dayton Agreement.

Objectives and Justification:

The OSCE PKO funds (\$10 million in FY 2001) will be used to fund the U.S. share of the REACT program, which provides for deployment of crisis intervention teams, for Croatia, and to support the OSCE's election monitoring and other preventive diplomacy missions in the Baltics, Caucasus, and Central Asia. The day-to-day work of these other OSCE Missions varies depending on the individual mission mandates agreed upon by the OSCE Permanent Council. All of the mission activities are in support of the OSCE's core mission of conflict prevention, and are focused on the economic, environmental, human and political aspects of security and stability.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES (SEED):
REGIONAL ACCOUNT
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
SEED	64,688	89,870	89,500

National Interests:

Assistance for Eastern Europe and the Baltic States (SEED) regional programs promote economic restructuring, democratic transition, and social stabilization in Central and Eastern Europe (CEE). A stable, prosperous, and democratic CEE region will enhance the stability of the European continent, provide fertile ground for U.S. business investment, reduce the need for future U.S. expenditures to restore peace, and minimize the impact of international crime on the U.S. and its citizens.

Objectives and Justification:

SEED regional funding in FY 2000 largely shifted south with the "graduation," by the end of FY 2000, of all of the countries of Northeast Europe and the Baltic states from USAID assistance. In a region that has experienced chronic instability and two major wars over the past ten years, SEED regional programs in FY 2001 seek to use a regional approach to stabilize, transform and integrate Southeast Europe into the transatlantic mainstream. Programs will be targeted to increase trade and foreign investment, promote greater regional cooperation among the countries of Southeast Europe, address the urgent problem of crime and corruption, and strengthen democracy and rights for ethnic minorities.

Through the SEED regional program, the U.S. also seeks to fund programs of assistance where we have a comparative advantage, can provide technical assistance to leverage significant new amounts of funding from other donors, or can make important legal or regulatory gains. Major program areas for FY 2001 are:

- Increased technical assistance to get Southeast Europe states "over the hump" on fiscal and economic reform;
- Assistance to help targeted SEE states harmonize their trade policies by achieving World Trade Organization (WTO) membership;
- Increased focus on fighting corruption and strengthening the rule of law;
- Strengthening of local government, non-governmental organizations (NGOs) and media to consolidate democratic reform and build civil society;
- Spur the growth of small and medium-sized enterprises (SMEs) through increased availability of financing;
- Decrease the investment risk to U.S. firms considering investments in the region;

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- Technical assistance to tie the region together by developing a regional power grid for Southeast Europe; and
- Reform of Southeast Europe customs services.

These priorities will augment ongoing bilateral assistance programs, the foundation of the SEED program. The success of these regional programs will depend in large part on the degree of economic and democratic reform achieved in each Southeast European state.

The regional SEED program also builds on the economic and democratic reform achieved in each Southeast European state by linking together successful reformers and by using progress achieved in one country as an example for others. Regional initiatives such as the development of an electrical grid for Southeast Europe will use the collective pressure of all CEE states, combined with the influence of outside donors, to break regulatory or legal logjams which domestic reformers have been unable to solve.

Regional SEED funds in FY 2001 will also be used for the U.S. contribution to the European Bank for Reconstruction and Development (EBRD) Trust Fund, refer to the regional EBRD paper earlier in this section. SEED Regional funds are included in FY 2000 Balkans and Southeast Europe supplemental budget request, listed in the FY 2000 Supplemental and Advance Appropriations section.

NEAR EAST

**Bureau of Near Eastern Affairs
Statement by
Assistant Secretary Edward S. Walker, Jr.**

The Bureau of Near Eastern Affairs (NEA) manages an extensive portfolio of security, political, economic, and non-proliferation initiatives in a region characterized by heavy reliance on U.S. diplomatic leadership. Few areas of the world combine such political and strategic importance with such chronic instability as the Near East. For over four decades, successive U.S. administrations have defined a peaceful resolution of the Arab/Israeli conflict and secure access to the energy resources of the Persian Gulf among their top foreign policy objectives. Bureau personnel - both in the field and in Washington - are intimately engaged in the formulation and execution of U.S. foreign policy initiatives that include facilitating the Middle East peace process, countering the threat from Saddam Hussein, ensuring stability in the oil-rich Gulf, fighting against terrorism, and promoting democratic values and religious tolerance. Advancing vital U.S. political and economic interests in the Middle East is complicated by a legacy of ethnic conflicts, border disputes, economic dislocations, ecological disruptions, and human rights abuses - all of which have contributed to terrorism and violence. It is within that context that the Bureau of Near Eastern Affairs is charged with the delicate combination of crisis management, the shaping of policies and programs to deal with core underlying issues, and reinforcement of new tendencies in broadening political participation.

The legacy of strong, vigorous U.S. leadership in the Middle East has entailed substantial commitments of foreign assistance resources over the past several decades. In prior budgets, attention focused on the \$5 billion in annual security and economic assistance traditionally earmarked for Israel and Egypt that dates from the Camp David Accords. Less frequently mentioned is the fact that supporting all our remaining Middle East foreign assistance funding initiatives absorbs a tiny percentage of the worldwide total. Faced with the disparity between these large traditional earmarks and acute unmet funding needs for other regional priorities, NEA has endorsed a long-term restructuring of assistance to the Camp David peace partners to free up resources for other important requirements.

On the Middle East peace process, the Bureau works closely with the President's Special Middle East Coordinator (SMEC) on the full range of negotiations involving Israel, the Palestinians, Lebanon, and Syria. We lead the multilateral steering groups associated with the peace process, regional economic institutions, and the Palestinian donor coordination process. Our staff lead discussions of regional issues with our Russian, European Union, and Japanese partners, galvanize coordinated support for our Iraq policies with all Security Council members as well as with our Arab friends, and head interagency deliberations on Iran and Libya policies. Despite differing priorities among our regional partners, we seek to enhance bilateral ties, while at the same time pursuing broader agendas in the U.S. national interest.

Furthering the Middle East peace process continues to dominate our diplomatic agenda, just as it has for every U.S. administration since Truman's. The rationale for vigorous U.S. engagement in peace process diplomacy remains the same - U.S. commitment to the security of the state of Israel and recognition of the substantial risks of broader regional instability if the peace process were to falter. With more than twenty years of Israeli peace with Egypt and more than five years of peace with Jordan to build on, our emphasis continues to be on assisting the Israelis and Palestinians to implement existing agreements and conclude an agreement on permanent status issues. With the revival of negotiations between Israel and Syria, we will pursue every opportunity to move forward the Syrian and Lebanese tracks. While the risk of a superpower conflict stemming from Arab-Israeli tensions may have receded, the underlying justification for U.S. engagement has not.

U.S. engagement in the Near East is also critical to limiting opportunities for the growth of radical regimes and further proliferation of weapons of mass destruction (WMD) in an already heavily militarized region with a number of fragile governments. We seek regional stability in the Persian Gulf as a vehicle for bolstering our close partnerships with the Gulf Cooperation Council states and safeguarding world access to the substantial energy resources from that area. NEA countries account for more than 75% of proven world oil reserves. Since Saddam Hussein's invasion of Kuwait in 1990, we have coordinated closely with the Department of Defense on an enhanced forward presence for U.S. military assets, and our regional diplomacy is heavily oriented toward ensuring that those assets support our overall security priorities.

Countering the threat that Iraq under Saddam Hussein poses to regional stability and to our worldwide nonproliferation policies is a critical Bureau priority. We have managed this threat using diplomacy backed by the credible use of force, pending a change of regime in Baghdad. This includes mobilizing a wide array of diplomatic resources in Washington, New York, and our posts around the world to rally support for the U.S. containment and regime change effort. The Gulf States are not like NATO - every new deployment or coalition operation requires extensive diplomatic coordination at senior levels. Efforts also include closer engagement with Iraqis, both inside and outside Iraq, who seek Iraq's reintegration into the family of nations. To that end, NEA oversees implementation of the Iraq Liberation Act using Economic Support Funds to carry out our policy objectives.

Achieving change in Iranian practices that violate international norms remains a key goal. We seek to convince Iran to alter its practices on terrorism and WMD means of delivery. At the same time, we work to rally consensus among our friends and allies to deny WMD capabilities or the financial resources that might enable Iran to buy these capabilities. We will continue our advocacy of government-to-government dialogue with Iran while facilitating people-to-people exchanges that may foster an environment in which such a dialogue is possible.

NEA's mixture of diplomatic activities and funding priorities is changing in response to developments in the region, as well as to worldwide trends. Our Egypt economic policy - grounded in the Gore-Mubarak partnership - is promoting a transition from a largely assistance-based relationship to one based on greater market access and foreign investment.

In response to the chronic failure of countries to develop robust economic relations amongst themselves, we are pursuing an intra-regional trade and investment initiative. Our efforts to encourage greater regional cooperation and boost economic growth are manifested in creative ideas such as the Qualifying Industrial Zone (QIZ) program involving Jordan and Israel. The QIZ marries U.S. market access, Jordanian-Israeli cooperation, and international capital in a win-win combination. The Gaza Industrial Estate program is another example of this creativity. We continue to support the Middle East/North Africa (MENA) economic conference process as a vehicle for drawing the international private sector into the region. We also continue to advocate for U.S. companies as they bid on major privatization projects, pursue new commercial opportunities, and seek to remain the principal suppliers of defense equipment in the Gulf.

North Africa has suffered economic dislocation and political tension as its countries make the difficult transition toward more open, democratic governance. Our policies aim to bolster the efforts of moderate, constructive governments in Morocco and Tunisia and reinforce change in Algeria. We have begun an initiative in North Africa that gives new coherence to our approach, and in FY 2000 we will inaugurate a cutting-edge program to support private sector trade - not a traditional aid program - which will enhance investment opportunities and build civil institutions. The importance of this to long-term stability and U.S. business far exceeds its costs.

Our economic and democracy programs are mutually reinforcing as NEA faces the challenge of addressing critical global issues and proving that our support for democracy is substantial. While we seek to enhance private sector development and a better investment climate to address root causes of societal instability, we are also pursuing a strong program for developing civil society in a region that often lacks the most rudimentary institutions for peaceful transition of leadership, freedom of expression or respect for women's rights. Our missions are also actively engaged in fostering religious tolerance by tackling the societal/structural factors that foster a climate of intolerance and extremism. More broadly, we have long been encouraging the region to address environmental issues such as limited water resources and environmental degradation through the Middle East peace process multilateral working groups.

Foreign assistance resources enable us to achieve our regional objectives and promote vital U.S. national interests. Beyond our bedrock commitments to Israel and Egypt, the bulk of our foreign assistance resources are targeted primarily to meet our most urgent needs for Jordan and the Palestinians. We work closely with USAID on strategies for our large bilateral economic assistance programs for Egypt, Jordan, and the West Bank/Gaza. Valuable regional programs, while constituting a much smaller component of our overall assistance request, nevertheless play an important role in our overall foreign policy strategy and many directly support the Middle East Peace Process. The Middle East Regional Cooperation (MERC) program and Multilateral Working Groups, for example, actively promote cooperation between Israel and her Arab neighbors by bringing together a broad spectrum of Israelis and Arabs to jointly solve common problems. NEA also manages an ESF program to support democratic initiatives in the Middle East. This democracy funding has led to new U.S. leadership in support for political parties and elected

parliaments/councils from Algeria to Yemen and to regional programs that facilitate women's participation in all sectors of society.

Apart from our traditional support for our regional allies, key programs we intend to pursue in FY 2001 include the following:

- **Middle East Peace Process.** We are seeking \$225 million in total assistance for Jordan (\$150 in ESF and \$75 million in FMF) and \$100 million in ESF for the Palestinians to bolster the commitment of both parties to the peace process. The requested \$12 million in economic aid for Lebanon will continue to help lay the groundwork for a stable, prosperous country eventually at peace with Israel. We are seeking a combined total of \$9 million for continued funding of the successful MERC program of Israeli-Arab technical cooperation and the Multilateral Working Groups that directly support cooperation between peace process parties and partners on arms control, the environment, water, refugees, and economic development.
- **Middle East Democracy.** We are requesting \$4 million in FY 2001 resources to build on our efforts to promote democratic openings across the region, particularly in Algeria, Morocco, Yemen, and Oman. We will target strengthening civil society organizations, training political parties and parliaments, promoting the rule of law and respect for human rights, supporting selected election activities, and expanding women's rights.
- **Iraqi Transition.** We are again seeking up to \$10 million in FY 2001 to support the transition to democracy in Iraq. This funding will foster increased activity with Iraqis, both inside and outside the country, to promote a rehabilitated Iraq's reintegration into the international community under new leadership, in keeping with the sense of the Congress enacted in the Iraq Liberation Act. We expect the program to advance to intensive coalition building and activities inside Iraq and abroad to encourage and support internal forces of positive change in that country. Opposition leaders will seek to enlist needed regional support through aggressive advocacy efforts. And the campaign to hold the regime accountable for its past war crimes and crimes against humanity will intensify with the goal of establishing an international Commission of Experts or ad hoc Tribunal. We will also support any national efforts to bring regime leaders to justice.
- **North Africa.** We are requesting another \$4 million to continue and enhance a new regional initiative (the U.S.-North Africa Economic Partnership) to develop closer private sector ties between the U.S. and Morocco, Tunisia, and Algeria. This innovative program will fund technical assistance on market-oriented economic reforms, highlighting U.S. companies' capabilities and challenging European control of North African project design and trade opportunities. Separately, we seek to advance military-to-military relations with Morocco and Tunisia through continuance of a modest FMF program for each country. The Tunisia program will redress F-5 needs and the Morocco program will enhance training and joint exercises.
- **Yemen Development Fund.** Yemen is one of the world's poorest and least developed countries. Yet it is at the forefront in promoting democratic change in the Arab world

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and has been faithful in implementing an ambitious IMF-sanctioned reform program. Yemen's ability to make continued advances, however, is significantly challenged by economic factors, a critical lack of skills within the government, illiteracy, and a high population growth (Yemen is already the most populous nation on the Arab Peninsula). A modest \$4 million ESF program will go far to address these problem areas by financing scholarships and training programs in key sectors including basic education, especially for girls, health care delivery, and public administration.

Descriptions of individual country and regional programs for the Middle East and North Africa are provided in the following pages. These programs are essential to carrying out our priority foreign policy objectives and to promoting peace, stability, and economic prosperity in this volatile but all-important region.

ALGERIA
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
IMET	124	125	125

National Interests:

The United States has a clear interest in increasing regional stability by promoting an open democracy, economic reform, and peace and security in Algeria. Algeria and its military, the second largest in Africa, is emerging from eight years of conflict with armed insurgents. The proposed plan is a cautious, measured approach intended to encourage reform within an Algerian military establishment gradually moving along a path toward greater respect for civilian authority.

Objectives and Justification:

Algeria's eight-year-old internal conflict has greatly reduced in intensity due to the new civilian leadership's success in promoting national reconciliation. The government is openly addressing human rights concerns and accepting democracy training. New cabinet ministers with strong economic reform credentials are poised to guide Algeria's transition to a market economy. Such developments present the U.S. with major economic opportunities and also contribute to stability. Algerian support is essential to resolve regional tensions.

The International Military Education and Training (IMET) program will help military leaders in Algeria understand and increase their support for U.S. values, ideals, and policies. The program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military. Past IMET funds have financed the participation of Algerian officers in our Naval Staff College, Air Command and Staff College, and Army Command and General Staff College. The FY 2001 request of \$125,000 in IMET funds will be used for officer training in these and other courses. Providing such instruction gives the U.S. an opportunity to train and professionalize the Algerian military, as well as fosters increased understanding of and respect for human rights and the principle of civilian control. In such a setting, these officers can establish essential contacts with U.S. counterparts whose influence can encourage reform within the Algerian military. IMET training ultimately will improve the Algerian military's interoperability with U.S. and NATO armed forces.

In addition to Morocco and Tunisia, Algeria may receive additional U.S. assistance under the U.S.-North Africa Partnership and the Middle East Democracy Fund. Justification for these programs is provided under the respective NEA regional program pages.

BAHRAIN
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
IMET	228	225	235

National Interests:

The United States has an enduring national interest in maintaining access to Bahraini military facilities as a means of ensuring its influence in the Persian Gulf region. The new Amir, Shaikh Hamad bin Isa Al-Khalifa, ascended the throne in March upon the death of his father, Shaikh Isa. A high priority in our bilateral relationship is maintaining strong political and military support for the government of Bahrain as a way of ensuring peaceful transition in this critical Gulf emirate. Bahrain has been a member of the Gulf War coalition since 1991 and has remained a steadfast supporter of our policies towards Iraq and Iran. Throughout its tenure as non-permanent member on the United Nations Security Council (1998-2000), Bahrain supported U.S. objectives throughout the region.

Objectives & Justification:

Bahrain's continued support for U.S. regional policies on Iraq and the Middle East Peace Process will be instrumental in advancing our broad foreign policy objectives in the Middle East. A modest expansion of International Military and Education Training (IMET) assistance in FY 2001 to \$235,000, the continuation of Excess Defense Article (EDA) transfers under section 516 of the Foreign Assistance Act, and the approval of selected commercial arms sales will enable the Bahrain Defense Forces to assume greater responsibility for regional defense, while promoting interoperability with existing U.S. and Gulf Cooperation Council (GCC) forces in the region. Continued military-to-military contacts, joint military exercises, and the continuation of the U.S.-Bahrain Military Consultative Commission (MCC) will recognize Bahrain's invaluable support for U.S. force deployments and encourage the development of a professional military command committed to the principle of civilian control. Provision of grant EDA and IMET reflects the key support Bahrain provides to the U.S. Fifth Fleet and CENTCOM air assets in the region.

EGYPT
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
FMF	1,300,000	1,300,000	1,300,000
FMF/Wye	--	25,000	--
ESF	775,000	727,267	695,000
IMET	1,040	1,000	1,100

National Interests:

As the leading country of the Arab world and a key supporter of the Mideast peace process, Egypt is an indispensable ally in the region. U.S. national security interests are served by supporting stability and prosperity in Egypt.

Objectives and Justification:

Egypt plays pivotal roles in the Arab world, Africa, the Muslim world and the Mediterranean basin. It is a key strategic ally in U.S. efforts to contain the threat posed by Saddam Hussein's Iraq. The FY 2001 request of \$1.3 billion in Foreign Military Financing (FMF) will continue to support a modern, well-trained Egyptian military that will help ensure stability in the region, enable Egypt to participate as a coalition partner in operations that further U.S. interests, and help maintain U.S. access to the Suez canal and vital over-flight routes used to support our forces in the Gulf. Under the cash-flow financing arrangements with Egypt, FMF will be used to cover ongoing costs of programs being implemented (20%); for maintenance of and ammunition for U.S. equipment in current inventory (30%); to supplement/upgrade equipment in service (15%); and for new programs (35%) including the purchase of an additional 100 M1 A1 Abrahms tanks, 24 F-16 Block 40 aircraft, and the procurement of the Patriot PAC 3 Ground System.

The FY 2001 request of \$1.1 million in International Military Education and Training (IMET) funds will continue to play a critical role in ensuring that Egyptian defense forces are proficient in the use of newly acquired U.S. military hardware and capable of supporting U.S. operations. Egypt is also eligible to receive Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act, ranging from spare parts to outdated U.S. M-60 tanks that will be specially outfitted for use in Egypt's ongoing demining efforts.

Meanwhile, Egypt needs to continue its economic progress toward prosperity if it is to remain capable of sustaining its role as a reliable partner in the region. Economic Support Fund (ESF) assistance helps Egypt continue the process of transforming its economy into a globally competitive one that can provide jobs and opportunities for its people. At the same time, the assistance program in Egypt helps to alleviate poverty, supports the development of

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democratic institutions, expands U.S. exports, bolsters public health services and family planning, and helps Egypt protect its environment.

Of the \$695 million in ESF requested for FY 2001, roughly 69% will be used for programs designed to accelerate economic growth, with the following areas of emphasis:

- Improving the private sector investment climate with technical assistance and cash transfers that will help the Egyptian government make needed policy reforms and expand its privatization program;
- Increasing agricultural productivity through the Agricultural Policy Reform Program, which provides technical and other assistance to support agricultural reforms, efficiency of agricultural land and water resource utilization and investment, agricultural support services, and food security;
- Increasing exports in targeted sectors by means of the Agricultural Technology Utilization and Transfer Program, and the Growth Through Globalization Program;
- Strengthening financial markets and accelerating privatization; and
- Expanding access to reliable power and telecommunications services.

Approximately 21% of the ESF request will support programs related to the environment, such as providing increased access to sustainable potable water and wastewater services in selected urban areas, as well as measures to reduce air pollution. The remainder of funds will be used for programs to reduce the fertility rate; expand essential health care services; support democracy by assisting civil society organizations' role in public decision making; and increase access to schooling for girls.

ISRAEL
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
FMF	1,860,000	1,920,000	1,980,000
FMF/Wye	--	1,200,000	--
ESF	1,080,000	949,056	840,000

National Interests:

The United States has a significant interest in a stable, democratic, and economically and militarily strong Israel at peace with its neighbors. Maintaining the qualitative edge of the Israeli Defense Forces (IDF) in the regional balance of power enhances Israel's security, helps prevent regional conflict, and builds confidence necessary for Israel to take calculated risks for peace. Achieving progress toward comprehensive peace and an end to the Arab-Israeli conflict strengthens Israel's security by lowering regional tensions, encouraging the process of "normalization," and strengthening moderates in the region.

Reducing Israel's isolation in the region and in world fora and enhancing Israel's economic relationships (both regionally and in the world economy) serve the U.S. national interest by reducing Israel's political and economic dependence on the United States, and by fostering stability in a historically volatile region whose importance is vital to U.S. economic and security interests. Promoting market-oriented economic reform in Israel contributes to its economic growth; permits a gradual phasing-out of U.S. economic assistance; enhances Israel's ability to repay its debt to the United States; and opens new opportunities both for U.S. investment and for export sales.

Objectives and Justification:

The \$840 million in Economic Support Funds (ESF) requested for FY 2001 will continue to support Israel's economic and political stability. U.S. economic assistance is designed to help relieve the impact of economic burdens Israel has incurred due to its isolation in the region and the unstable situation in the Middle East. The United States continues to work with the government of Israel on phasing out U.S. economic assistance, while encouraging Israel's continued efforts to increase the role of the private sector, promote productive investment, reform taxes, and promote more efficient use of its resources.

The United States maintains a steadfast commitment to Israel's security, to the maintenance of its qualitative military edge, and to strengthening Israel's ability to deter and defend itself. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. FMF represents about 26 percent of the Israeli defense budget and is crucial to Israel's multi-year defense modernization plan.

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The FY 2001 FMF request of \$1.98 billion will enable the Israeli government to meet cash flow requirements associated with the procurement of U.S. origin systems such as F-16 and F-15I fighter aircraft, Apache Longbow upgrades, field vehicles, and advanced armaments. Israel's annual FMF level is expected to increase incrementally (by \$60 million each year) to a level of \$2.4 billion in FY 2008, as ESF is phased out. Israel also will be eligible in FY 2001 to receive Excess Defense Articles under section 516 of the Foreign Assistance Act for defense maintenance, spare parts, support equipment and other needs.

JORDAN
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
FMF	45,000	74,715	75,000
FMF/Wye	50,000	150,000	--
ESF	150,000	149,500	150,000
ESF/Wye	50,000	50,000	--
IMET	1,654	1,600	1,700
NADR	1,900	1,511	1,500

National Interests:

Jordan shares borders with Israel, the West Bank, Syria, Iraq and Saudi Arabia. Its critical location and cooperative government have made it a linchpin of regional stability and security. Jordan remains a pivotal country that has signed a peace treaty with Israel and continues to advocate strongly for comprehensive Middle East peace. U.S. economic and military assistance contributes to a more stable and prosperous Jordan by seeking to improve water resource management, ease the birth rate and improve health care, increase economic opportunities, and build a stronger defense capability. Promoting economic growth in Jordan will also permit a gradual decrease in U.S. assistance and open new opportunities for U.S. investment and export sales.

Objectives and Justification:

The FY 2001 Economic Support Funds (ESF) request of \$150 million will seek to address Jordan's most pressing development challenges: too little water, rapid population growth, and too few jobs. Accordingly, primary U.S. strategic objectives in Jordan will be to improve water resource management; improve access to, and the quality of, reproductive and primary health care; and increase economic opportunities for Jordanian citizens.

U.S.-funded water sector programs will aim to strengthen key water sector institutions, increase water-use efficiency, and improve wastewater quality for agricultural and industrial reuse. Funds will support ongoing projects including rehabilitation of the Greater Amman water distribution system, technical assistance for water policy implementation and water utility privatization, completion of surface and ground water monitoring stations, construction and private sector management of a new wastewater treatment facility in Southern Jordan, and implementation of a build-own-transfer wastewater treatment facility in the North Jordan Valley.

Population and health strategies are designed to improve maternal and child health by ensuring the availability of quality reproductive and maternal health care services, and promoting rationalized health care financing. Programs will include expansion of family

planning services, renovations of community clinics, nurse training, and support of government health care reform initiatives.

U.S. assistance to expand economic opportunities for Jordanians is designed to promote trade and investment, support the small and micro-enterprise sector, and advance Jordan's market-based economic restructuring program. Programs include engaging the formal banking sector in lending credit to small entrepreneurs and providing financial services to start-up businesses, business development services for small and medium-sized firms, entrepreneurial and job training programs for Jordanian youth, and technical assistance and cash transfers to the government to support economic reform.

Jordan is critical to U.S. security interests in the region. U.S. security assistance programs – Foreign Military Financing (FMF) and International Military and Education Training (IMET) – buttress Jordan's ability to maintain secure, peaceful borders with Israel, Iraq and Syria. FMF also helps the Jordanian Armed Forces modernize and address readiness and sustainment requirements. For FY 2001, Jordan proposes to use the FMF request of \$75 million to upgrade its air defense systems, enhance transportation, and augment command control and communication capabilities. Jordan also intends to modernize aging defense systems, including TOW and Dragon missiles.

IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes military professionalism, and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. In addition, Jordan will be eligible to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act to help the government make maximum use of scarce funds for critically-needed equipment and spare parts.

Finally, the request for \$1.5 million in FY 2001 NADR funds for humanitarian demining will be used to continue an on-going program to prevent civilian casualties by removing landmines in the Jordan River Valley, along the Jordan-Syrian border, and in the Rift Valley. The demining program maintains a force of 380 combat engineers and is internationally recognized as one of the best such programs in the world.

LEBANON
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	12,000	15,000	12,000
IMET	554	550	575
DA	500	--	--
NADR	530	857	800

National Interests:

The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon at peace with Israel and neighboring states. Lebanon is still recovering from its sixteen-year civil war, and is making slow progress toward rebuilding its civil institutions, reestablishing the rule of law, and implementing economic reform. A prosperous, independent and secure Lebanon will open new opportunities for U.S. investment and export sales, help weaken terrorism and contribute to the fight against illegal drugs and counterfeiting.

Objectives and Justification:

The FY 2001 Economic Support Fund (ESF) request of \$12 million for Lebanon will be used to promote economic growth, build democracy, and protect the environment. In the area of reconstruction and economic growth, the flagship of USAID's program will continue to be the Rural Community Development Clusters, which now include 251 villages and almost 600 activities in basic infrastructure, income production, environment, and civil society. The clusters program has already been expanded to areas under occupation, and USAID has prepared plans to expand quickly into other areas should occupation forces withdraw. USAID plans to expand the Dairy Improvement Program, which imports U.S. dairy cows and provides quarantine, inoculation, and nutritional and veterinary care. The Microcredit Program will continue to provide village banking loans -- targeted primarily at women -- through commercial agreements and NGO grants. USAID will also continue to assist the Lebanese government in implementing economic reform in three key sectors: agro-industry, finance and regional services, and tourism.

The democracy program will provide assistance and technical support to critical central and local institutions of the government of Lebanon that are directly linked to its ability to enact public policy and provide social services. USAID will seek to introduce and reinforce the concepts of transparency, accountability, and effectiveness of government. In addition, U.S. support for the American educational institutions in Lebanon will encourage the development of civil society. ESF will help provide these institutions with both programmatic support and grants for scholarships and core programs.

The environment program aims to help the Lebanese better understand their environmental problems, point the way to policy reforms, and illustrate environmental solutions. The program promotes the development of wastewater and solid waste treatment activities in rural community development clusters, including treatment of potable water, soil conservation and environmental awareness campaigns.

The \$575,000 in requested International Military and Education Training (IMET) funding for FY 2001 will reinforce the democratic principle of civilian control of the military and provide needed training to improve military standards. It will also consolidate progress made in recent years by the Lebanese leadership to develop the Lebanese Armed Forces as a unifying national institution. Lebanon also will be eligible to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act for much needed spare parts and equipment to maintain military readiness and support military operations. Finally, the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) request of \$800,000 for FY 2001 will finance an on-going program to remove land mines throughout Lebanon and thus help reduce the number of human casualties these devices inflict.

MOROCCO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	4,000	1,500	2,500
IMET	927	900	955
DA	8,000	6,750	6,985
CSD	2,826	3,000	3,000

National Interests:

Morocco is the oldest treaty ally of the United States. A strategic anchor at the cusp of Africa, Europe, and the Arab world, Morocco sits on the south side of the Straits of Gibraltar. Two years ago, Morocco opened a new chapter in its history with the appointment of its first opposition government of the modern era; it remains one of the most exciting efforts at democratic reform in the Arab world. Last July, a new king, 36-year old Mohammed VI, acceded to the throne. He has voiced strong support for human rights and economic and political reform. However, he has inherited a Kingdom that is poor – a middle-ranked developing country – and a political system whose reform is real but new. American assistance is vital at this moment of rapid change and immense promise in Morocco. The United States seeks to support this democratic and free-market opening to encourage a Morocco that is stable, prosperous, and free. U.S. assistance will aid Morocco to grow in significance as a market and trading partner, serve as a positive political example in the region, and continue to play a constructive moderating role in Africa and the Middle East.

Objectives and Justification:

The \$6.985 million in Development Assistance (DA) requested for FY 2001 will be targeted at promoting four strategic objectives: open markets, broad-based economic growth, population and health, and democracy. The FY 2001 request for \$3 million in Child Survival and Disease (CSD) funds will be used to complement DA projects in the health and population area, as well as to finance programs to promote basic education among girls in rural provinces.

Under a new, six-year Country Strategic Plan developed by USAID in FY 1999, DA will support the Moroccan government's efforts to stimulate economic growth by improving the climate for private-sector investment. Resources will be used to: facilitate the adoption of administrative reforms within the government; improve the administration of commercial courts; build the capacity of sectoral associations to deliver services to their members; implement field testing of innovative microfinance products; and support activation of new agencies to promote investment and to support small and medium enterprises. Primary beneficiaries will be disadvantaged Moroccans and small and micro entrepreneurs who will

gain business and employment opportunities, low-cost housing, skills training, and access to financial resources otherwise unavailable.

Continuing and new DA activities will also focus on improving water quality for household use, treating and reusing previously unused water discharges for agricultural purposes, and creating a public/private sector River Basin Agency dedicated to improving water availability. Morocco's economy is heavily dependent on rain-fed agriculture, and thus water conservation is vital to future growth. The Moroccan government has developed a national strategy for environmental protection and sustainable development that emphasizes managing water demand and preventing the further degradation of existing water resources. Using DA funds, the United States will continue to work closely with the Moroccan government on this plan that has already had impressive results. For example, the annual water savings in one U.S.-funded irrigation program using laser leveling and water conservation measures is about 200 million cubic meters – enough water to supply the annual needs of a city the size of Fez. This success is serving as a model for other areas of Morocco.

In the health sector, U.S. assistance will build on decentralization by focusing on improving the capacity of health managers at the local level, including strengthening the ability of the private sector to play a more important role in the delivery of basic maternal and child health services. At the national level, the United States will continue to work with the Ministry of Health to identify and institute sustainable health care financing systems. With 35% of Morocco's population of 28 million under 15 years of age, there will be significantly increased population pressure in the next decade, as well as tremendous demands for new employment and services. With the requested DA and CSD funds, Morocco will continue to reduce its fertility rate, as well as decrease the mortality of children under five. Morocco's system for providing reproductive health care now serves as a model for other developing countries.

Continued CSD assistance will also be used to build upon notable past success with policy reform at the national and provincial levels to build rural model schools focused on girls' education. While much progress has been made, on a national basis Morocco is still far from achieving expected levels for school attendance/retention and literacy, especially for females, because of the great disparity between urban and rural areas. By supporting new and existing rural schools and helping build strong school-community relationships, CSD funds will increase the participation of rural girls in primary schooling and thus prepare them to participate more fully in Morocco's democratic and economic development. U.S. assistance will also help the Ministry of National Education to change the curricula and materials at teacher training colleges, support local school improvement projects, and aid provincial teams to implement their education reform programs.

Along with Tunisia and Algeria, Morocco may receive U.S. assistance for FY 2001 under the U.S.-North Africa Economic Partnership and the Middle East Regional Democracy Fund. Justification for these programs is provided under the respective NEA regional program pages.

In addition to economic assistance, the United States provides military assistance to Morocco through the International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs. The FY 2001 IMET request of \$955,00 will continue the current program of sending approximately 50 military students (90% of whom are officers) per year to the United States for professional military training. They attend both war colleges and other more operational courses. The program has been highly successful at helping to professionalize the officer corps and its graduates command key military positions. IMET has had a substantial positive impact on the level of understanding between U.S. Armed Forces and those of Morocco and has helped ensure smooth operations between the two in the many multilateral operations in which Morocco has participated, including Somalia, Bosnia, and Kosovo. It has also ensured extraordinary access with the highest levels of the three Moroccan Armed Forces for the United States. Finally, the IMET program has been helpful in sensitizing Moroccan officers to international standards of human rights.

The \$2.5 million in FMF requested for FY 2001 will support sustainment and purchase of US-origin equipment to replace of aging, unreliable French and Spanish military hardware. FMF assistance also supports interoperability with U.S. forces, since the equipment operates at NATO standards and facilitates joint exercises. FMF may also help transport and/or refurbish military items and spare parts from the United States obtained through the Excess Defense Articles (EDA) program (section 516 of the Foreign Assistance Act), for which Morocco is eligible in FY 2001.

OMAN
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
IMET	233	225	250
NADR	--	300	500

National Interests:

Oman occupies a strategic location on the Arabian Peninsula and on the southern shore of the Straits of Hormuz. As the Straits form a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-United States relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases, which has proved invaluable for U.S. combat support and readiness in the Gulf. Oman has been an active supporter of U.S. political and military initiatives vis-à-vis Iraq and has taken significant and meaningful steps in support of the Middle East Peace Process.

Objectives and Justification:

The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities. As part of U.S. efforts to enhance bilateral military cooperation, the FY 2001 request for \$250,000 in International Military Education and Training (IMET) funds will finance U.S. training and education for Omani military personnel as the Omani armed forces shift toward Western doctrine, training, and acquisition. Omani eligibility to receive Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act will assist in enhancing military readiness and upgrading/maintaining vital military equipment.

Finally, a humanitarian demining program in southwest Oman was approved last year with a Requirements Determination Site Survey (RDSS) scheduled for April 2000. The request for \$500,000 in FY 2001 NADR funding for humanitarian demining will finance implementation of survey recommendations.

TUNISIA
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
FMF	2,000	3,000	2,500
IMET	937	900	955

National Interests:

Tunisia is a stable democratic country in the troubled Near East region where U.S. national interest in forging Arab-Israeli peace and maintaining access to crucial energy supplies remains high. Located on the southern Mediterranean coast, Tunisia is a natural economic and strategic bridge from Europe to Africa. Tunisia has long been well disposed to the U.S. presence in the region, and looks to U.S. leadership in the political and economic sphere despite its colonial ties to France. The United States works closely with Tunisia in international organizations, including in the United Nations Security Council where Tunisia presently occupies a non-permanent seat and thus plays an important role on critical issues such as Iraq. It is in the U.S. interest to continue efforts to ensure a strong, durable fabric of bilateral relations, and to assist Tunisia in providing a stabilizing influence among its North African neighbors.

Objectives and Justification:

A key U.S. goal is to ensure active Tunisian participation in efforts to promote regional stability and achieve a comprehensive peace Middle East peace. To this end, the United States provides a range of security assistance including Foreign Military Financing (FMF), International Military Education and Training (IMET), and Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. This assistance helps to strengthen bilateral military cooperation, encourages Tunisian involvement in multinational peacekeeping operations, and promotes continued access of U.S. forces to Tunisian facilities. The FY 2001 FMF request of \$2.5 million will be used primarily for spare parts for U.S. military equipment, which makes up the bulk of the Tunisian military's inventory of major end items. Tunisia's U.S.-origin equipment typically dates from the 1960s and 1970s, and FMF funding and EDA are critical to its sustainment. The United States only recently restored FMF for Tunisia, making it both an important symbol and manifestation of the U.S. commitment to restore traditional military-to-military ties. FMF is also used for refurbishment and handling/shipping of EDA items intended to upgrade and expand Tunisian defense capabilities.

The request of \$955,000 for FY 2001 IMET will fund U.S. training and education for Tunisian military officers. Tunisia's IMET program promotes the U.S. goals of stability and democracy, and increases the familiarity of Tunisia's officer corps with U.S. military practices. IMET is widely used to enhance Tunisian officers' English language skills, which,

combined with FMF-provided material sustainment assistance, helps facilitate combined training exercises. Tunisian troops typically engage in 16-18 combined exercises with U.S. forces annually. IMET-funded training enhances Tunisia's value as a potential coalition partner, and recently proved instrumental to Tunisia's participation in Kosovo in support of UN humanitarian efforts.

YEMEN
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	--	--	4,000
IMET	122	125	135
NADR	1,462	1,236	1,400

National Interests:

Yemen is one of the poorest countries in the world. Its infrastructure is primitive and its modern political history is less than a decade old, although the uniting of North and South Yemen in 1990 doubled the country's geographic size. Yemen's population, overwhelmingly rural, traditional, and growing at an alarming rate, is greater than its Arabian Peninsula neighbors combined. While Yemen has only limited petroleum and natural gas reserves of its own, it controls one of the primary international strategic lines of communication and shipping—the Bab al Mandeb. Yemen is very open to continued improved relations with the United States and considers its fundamental interests and values as compatible with U.S. goals. Yemen is at the forefront of the Arab world in both democratic and economic reform and has taken significant strides toward opening its multi-party political system to full public participation. U.S. assistance to Yemen will be critical in ensuring that its bold policies continue on track and serve as an important example to other Middle East countries.

Objectives and Justification:

Yemen is one of the world's least developed countries and suffers from high illiteracy rates, explosive population growth, high infant mortality, low worker skill levels, and an undiversified labor force structure. Despite these problems, Yemen has evolved into a multi-party democracy and has also embarked on an ambitious IMF-sanctioned economic reform program that includes a commitment to increase foreign investment and international trade. However, severe financial constraints limit the government's ability to finance basic education, health services and vocational training for the growing population.

The government of Yemen has consistently emphasized with donors its commitment to making investments in people to strengthen Yemen's human resource base. Therefore, as part of an overall, long-term strategy, the \$4 million in Economic Support Fund (ESF) requested for FY 2001 will be focused on human resource development. A special emphasis will be placed on graduate degree scholarships and short-term, in-service training programs in key sectors including basic education (particularly for girls and women), health care delivery (with particular emphasis on maternal and child health and child spacing), public administration, strategic planning and policy development. This training, conducted both in Yemen and overseas, will be targeted toward both private and public sector leaders and

potential decision makers who will be responsible for policy planning and managing Yemen's economic and social programs.

Consistent with the Yemeni government's expressed priorities, U.S. assistance will be targeted to areas that will maximize returns, be flexible enough to sustain Yemen's modernizing economy, and support democratization efforts. For example, ESF will support girls' education efforts ranging from providing adequate classroom facilities to curriculum development and teacher training. Other priority areas include technical, management and vocational training designed to prepare Yemen's workforce for the 21st century in a way that will encourage private sector developments, trade and investments, and economic reform. This is also a critical time for providing further assistance to Yemen in the areas of health care and, in particular, family planning to reduce the burgeoning population growth rate. Given the importance of females in the delivery of social services as teachers, health workers, etc., a critical mass/pool of trained females must be established. Accordingly, a target of the assistance will be that 50% of the training opportunities will be set aside for female candidates.

A U.S.-funded scholarship program begun in the early 1980s has allowed over 900 Yemenis to receive degrees, over 700 of which were earned in the United States. While the total number of Yemeni students who have received U.S.-provided scholarships is small, the value of the enormous contribution made by this small group to the whole of Yemen is incalculable. Most U.S.-educated Yemenis are firmly integrated into modern Yemeni society. They now hold key government positions (including 6 cabinet ministers), or are prominent academics, journalists, policy makers and successful businessmen. In order to maximize return on investment, new scholarship programs funded with FY 2001 ESF will focus on providing only two-year master's degree scholarships.

With respect to the FY 2001 International Military Education and Training (IMET) request of \$135,000, this security assistance will enhance bilateral military cooperation and help secure Yemen's active participation in efforts to promote regional stability. IMET will fund U.S. training and education for Yemeni military personnel as the military force shifts toward Western practices and doctrine. In 1999, Yemen became eligible to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act and plans to use this program to help develop a shore patrol/coast guard.

Finally, \$1.4 million in NADR is requested for continued funding of a humanitarian demining program to help protect civilian lives by destroying dangerous land mines laid during past conflicts. Initial training for this program, established in 1999, was recently completed and a site survey is currently underway to determine the extent and general location of landmines targeted for removal.

IRAQI OPPOSITION PROGRAM
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	3,000	10,000	10,000

National Interests:

Assistance to the Iraqi opposition directly supports U.S. efforts to bring about regime change in Iraq, a key U.S. policy priority. The ultimate goal of the United States is a new Iraqi government that represents the Iraqi people, respects human rights, and is committed to living peacefully with Iraq's neighbors.

Objectives and Justification:

The FY 2001 ESF request of \$10 million for regime change will be used to support the Iraqi opposition and to fund an effort to indict members of the current Iraqi government on war crimes charges. In supporting the Iraqi opposition, the United States plans to continue to provide funding for the Iraqi National Congress (INC), an umbrella organization of opposition groups. Funds for the INC will aid the organization's efforts to organize itself into a more effective voice of the Iraqi people, to assist in garnering international support, and to implement programs that will help bring about new leadership in Iraq. These programs should include information campaigns, humanitarian relief programs, and training and planning for instituting democracy following regime change.

ESF assistance targeted at indicting Iraqi war criminals also will assist in the preparation of case files and the gathering of documentary and video evidence. As part of this effort, ESF will also be used for the surveying and treatment of Iraqi civilian victims of chemical and biological weapons attacks. Finally, a small amount of the requested assistance may be needed to support program administration and oversight activities.

MULTINATIONAL FORCE AND OBSERVERS (MFO)
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
PKO	15,596	16,000	16,000

National Interests:

Attaining a comprehensive peace between Israel and all of its neighbors is essential to protecting U.S. security interests in the Middle East and is a long-standing goal toward which the United States must sustain its vigorous diplomacy and support. The Egyptian-Israeli Peace Treaty and its security arrangements monitored by the MFO in the Sinai are the cornerstone of the Middle East peace process. The MFO is a critical component of the Israeli-Egyptian peace treaty. It serves as a model confidence building measure in the context of the ongoing peace negotiations between Israel and its neighbors.

Objectives and Justification:

The MFO is an important part of the peace between Egypt and Israel. In addition to an established system to monitor treaty compliance, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two thirds provided by Israel and Egypt. As in past years, the \$16 million in Peacekeeping Operations (PKO) funds requested for FY 2001 will pay for 33% of all MFO operating expenses including transportation and equipment. The United States is committed to support the MFO's mission until the Parties to the agreement that created the MFO mutually agree that it is no longer necessary. The MFO's long-standing effectiveness is apparent in the continued compliance with the treaty and in the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system.

ISRAEL-LEBANON MONITORING GROUP (ILMG)
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
PKO	996	1,000	1,000

National Interests:

The ILMG helps to protect U.S. regional security interests and, in the absence of peace agreements between Israel and Syria and Israel and Lebanon, has become an integral part of the U.S. Middle East Peace Process. By helping to limit civilian casualties and by providing an important confidence-building forum, the ILMG promotes stability in the volatile southern Lebanon region. The United States—in consultation with Syria—brokered the April 1996 “Understanding” after two weeks of major hostilities between Israel and armed groups in southern Lebanon. The Understanding established a Monitoring Group comprising the United States, France, Syria, Lebanon, and Israel to monitor the Understanding’s prohibition against targeting civilians or using civilian populated areas for launching attacks and its prohibition against armed groups carrying out attacks into northern Israel.

Objectives and Justification:

The ILMG provides the parties with a viable alternative to military escalation. After decades of intermittent hostilities in southern Lebanon and along the Israeli-Lebanese border, the ILMG is the first face-to-face setting in which all parties to the conflict can quickly address specific grievances instead of resorting to military action. The Monitoring Group has been effective in building confidence and understanding among the parties, and they are using the ILMG to pass messages on ways to avoid actions that could increase tensions. Such a mechanism is invaluable at this critical time in the peace process. The \$1 million in Peacekeeping Operations (PKO) funds requested for FY 2001 will again be limited to directly supporting the U.S. delegation, which with France serves as rotating chair of the group. Delegation support funded by PKO includes transportation/air charter expenses, communications costs, and information management needs.

MIDDLE EAST MULTILATERAL WORKING GROUPS
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	3,000	4,000	4,000

National Interests:

The multilateral negotiations in the Middle East peace process grew out of the 1991 Madrid Peace Conference. Formal working groups were established in the areas of arms control and regional security, environment, regional economic development, refugees, and water resources to promote discussion of regional issues among Israelis and Arabs and to bring to bear the expertise and resources of the international community to support concrete projects. Such projects directly contribute to long-term peace, regional stability, and prosperity in the Middle East. As co-sponsor of the peace process, it is imperative that the United States maintain its leadership role in funding multilateral peace process activities.

Objectives and Justification:

With continued progress on both the Palestinian and Syrian peace tracks, the requested \$4 million in FY 2001 Economic Support Funds (ESF) for multilateral funding will be essential to finance new initiatives in support of the Middle East peace process. Both the Palestinians and Israelis will rely upon U.S. sponsorship of multilateral working group meetings to support and implement the framework agreement that they hope to achieve in FY 2000. In addition, the multilaterals will serve as an important foundation for a bilateral peace agreement between Israel and Syria.

Water and environmental issues are key topics in the various bilateral negotiations, and the multilateral working groups on water and the environment will continue to focus on cooperative activities that support and complement the work of bilaterals. Funds will be directed to ongoing initiatives in areas such as water data availability, desalination, solid and hazardous waste, and desertification.

The Regional Economic Development Working Group actively promotes Arab-Israeli ties through economic partnerships, thereby contributing to both economic growth and regional stability. The Arms Control and Regional Security Working Group plays a vital role in reducing military tensions in the region through joint workshops and training exercises for Arab and Israeli military personnel. The Refugees Working Group, in cooperation with the UN, exerts a stabilizing influence in the Middle East by helping coordinate humanitarian assistance to more than 3 million Palestinian refugees. The group works to build consensus among donors on targeted projects in vocational training, human resource development and job creation.

MIDDLE EAST REGIONAL COOPERATION
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	6,000	10,000	5,000

National Interests:

An important element of promoting peace in the Middle East is bringing Israelis and Arabs together at every level -- including policy makers, technical experts, etc. -- to work together on a wide range of issues. The Middle East Regional Cooperation (MERC) Program, which Congress initiated after Camp David, fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. MERC-supported projects strengthen Israeli-Arab ties by demonstrating that peaceful cooperation on topics of mutual interest can yield tangible benefits for all involved. Continued strong U.S. support for the MERC is necessary to promote broad-based Israeli-Arab cooperation and to solidify peace on the ground as the peace process moves forward.

Objectives and Justification:

The MERC complements the work being done in the Multilateral Peace Process Working Groups by broadening the base of cooperation among Israelis and Arabs to include academic and non-governmental organization (NGO) experts. Unlike the Multilateral Working Groups, which are directly controlled by participating governments as part of official multinational peace efforts, the MERC encompasses a much wider variety of groups and organizations in a less formal setting. The MERC is a highly competitive program that provides grants based on unsolicited project proposals from diverse groups including universities, government laboratories, and NGOs.

The FY 2001 request for \$5 million in ESF will be used to implement programs designed to provide practical benefits to both Israelis and Arabs. MERC projects have included and will continue to encompass a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will remain focused on increasing productivity of livestock and crops, while health programs address issues such as cancer and a range of infectious diseases. As lack of fresh water is one of the most critical economic and environmental problems in the Middle East region, MERC projects will continue to address effective water management, wastewater treatment, and desertification prevention.

MIDDLE EAST REGIONAL DEMOCRACY FUND
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	2,500	6,000	4,000

National Interests:

The development of democratic culture in the Near East, based on representative government, strong civil society institutions, and respect for individual human rights, directly supports the efforts to foster democracy worldwide, as well as enhance U.S. interests in peace and stability in the region. More democratic countries in the region which respect the rule of law and embrace civil society should be able to transfer power peacefully, resist the spread of extremism, promote investment by increasing confidence in the business sectors, and enhance the stability of the Near East as a whole.

Objectives and Justification:

An unprecedented wave of democratization is sweeping through North Africa and the Middle East. Public participation in political life in many states, for example, is increasing through more active non-governmental organizations (NGOs) and the expansion of elected legislatures/advisory councils. To encourage this democratic reform movement and provide support for further change and openness, the \$4 million in FY 2001 ESF requested for the Middle East Democracy Fund will help to provide technical assistance, practical training, and other support in four key areas: strengthening of civil society and an independent press; promotion of rule of law; development of more representative and accountable governments; and greater rights for women. Projects are specifically focused to reinforce groups and political parties that are struggling for more participatory government.

Recognizing that a vibrant civil society encourages greater private citizen participation in government decision-making and increases government accountability and responsiveness to citizen concerns, the Democracy Fund will continue to aid local NGOs throughout the region. U.S. assistance will increase NGO effectiveness by improving their organizational, representational and networking skills, while a small grants program in Morocco, Algeria, Tunisia, Oman and Yemen will supply civil society organizations with funds to carry out democracy-related projects. Funds will also be used to support a free and inquiring press. Respect for the rule of law and human rights is another cornerstone of a democratic society. Accordingly, the Democracy Fund will continue funding for ambitious judicial reform programs that seek to modernize legal codes and provide training for judges/court officials on administration of justice, anti-corruption, and protection of human and private property rights.

With increasingly active legislatures and elected advisory councils playing a more prominent role in several key countries, the Democracy Fund will strive to improve the capacity and effectiveness of these bodies through in-country training and visits to the U.S. for a first-hand look on how U.S. legislators represent their constituents. Assistance will also be provided to help conduct and monitor free and fair elections, including full-scale parliamentary elections in Yemen scheduled for April 2001. A continuing theme in all Democracy Fund programs will be the active inclusion of women in both civil society and government. The Democracy Fund will provide support for women's advocacy groups, including the networking of such groups across North Africa, and an ongoing effort through a Regional Women's Initiative to enhance women's legal literacy.

U.S.-NORTH AFRICA ECONOMIC PARTERSHIP
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	--	5,000	4,000

National Interests:

The bloodshed that has torn apart Algeria was caused and prolonged, in part, by social tensions arising from an inefficient, state-dominated economy unable to generate sufficient jobs and housing for a rapidly growing population. In order to help address the causes of Algeria's violence, and help prevent its spread to Morocco and Tunisia, the United States seeks to engage the three Maghreb governments in senior policy dialogue and technical assistance, with the goal of encouraging private-sector led growth. Stability in North Africa will also support U.S. interests in preventing terrorism, advancing the Middle East Peace Process, and ensuring security in the Mediterranean basin.

Objectives and Justification:

The U.S.-North Africa Partnership aims to improve the climate for private investment and trade in the Maghreb. Using the FY 2001 request of \$4 million in Economic Support Funds (ESF), the Partnership plans to fund studies of barriers to private sector investment and entrepreneurship, and then engage North African governments in removing these barriers. The Trade and Development Agency will finance investment studies that will help identify opportunities for U.S. business in the region. The Partnership will also fund consultants who will help Maghreb governments identify the reforms that are needed in their commercial law codes in order to facilitate the growth of the private sector and of international investment. USAID's Global Technology Network will help U.S. businesses identify specific firms in the Maghreb that are potential purchasers. These activities will reinforce senior-level dialogue with North African governments aimed at encouraging economic reform.

WEST BANK AND GAZA
(\$ in thousands)

Account	FY1999 Actual	FY2000 Estimate	FY2001 Request
ESF	75,000	85,000	100,000
ESF/Wye	--	400,000	--

National Interests:

U.S. national security is directly strengthened through successfully advancing the Middle East peace process on the Palestinian-Israeli track. U.S. assistance for the West Bank and Gaza encourages broad-based economic growth and the development of democracy among the Palestinian people, and helps to deliver tangible benefits of peace by translating agreements on paper into improved welfare on the ground.

Objectives and Justification:

A significant portion of the \$100 million in Economic Support Funds (ESF) requested for the West Bank and Gaza in FY 2001 will be used to increase the availability of fresh water to residents of these areas. The United States focuses a major portion of its assistance to the Palestinians on water because Palestinian per capita water consumption rates are well below the WHO's minimum standard. This inadequate supply of water limits both agricultural and industrial development. Projects will include the continued work on major improvements in the treatment of wastewater and water management in Gaza and the creation of new sources of fresh water in the West Bank through the digging of wells. In 1999, the U.S. doubled the availability of fresh water to 260,000 residents in the Bethlehem-Hebron area.

To further promote economic development, ESF will continue to assist the development of small businesses and financial services through its credit access program, which has provided thousands of loans to small businesses, including over 19,000 loans totaling \$7 million to the poorest segment of micro-borrowers. Through the "Market Access Program," the U.S. will also strengthen Palestinian industry and trade associations in order to provide them with the tools required to meet the growing needs of their customers. Responsive and accountable institutions are key to the stability and credibility of the Palestinian Authority. Accordingly, FY 2001 ESF also will support efforts to strengthen the capacities of the legislature, executive authority, and judiciary, as well as civil society organizations, as all of these contribute directly to increased democracy in the West Bank and Gaza.

Finally, in 1999, the U.S. initiated a pilot program in infant health care and birth spacing to address health issues involving mothers and their newborn. In FY 2001, ESF will expand this program to increase access to reproductive health care services for Palestinian women.

NEW INDEPENDENT STATES

**New Independent States
Statement by
Ambassador-at-Large Stephen Sestanovich**

U.S. policy toward the New Independent States (NIS) is motivated by the memory that for nearly fifty years after the end of World War II, the principal threat to U.S. security came from the Soviet Union. Eight years ago, the Soviet Union collapsed and twelve New Independent States emerged. They are engaged in an historic effort to transform their societies from Communist authoritarianism and centrally planned economics. This transformation is profoundly in the interest of the United States. Its success will ensure that no threat to us or our interests ever again arises from this region. It will ensure that economic opportunity and prosperity will have a chance to flourish -- with benefits for the people of the region, as well as Americans and the world as a whole. Guaranteeing America's security during the Cold War required the expenditure of enormous resources; securing our interests in the former Soviet Union demands a continued commitment to helping these countries to build democratic societies, to achieve prosperity based on market economies, and to become integrated into the Euro-Atlantic and global communities of nations.

Policy Priorities for FY 2000-2001

Elimination of Weapons of Mass Destruction

Our top regional goal must be the elimination of weapons of mass destruction and associated delivery systems that could threaten our way of life and that of our allies and friends around the world. The Strategic Arms Reduction Treaty (START) process is an essential means for reducing the strategic nuclear threat to the United States. So, too, is work with Ukraine, Kazakhstan and Belarus on implementing Soviet-era arms control agreements with the United States for which those countries are responsible. Efforts of rogue states to acquire ballistic missile technology, a nuclear weapons capability and a broad range of other conventional weapons and technologies are of special concern. We must pursue a vigorous non-proliferation agenda and promote effective export controls throughout the region to make sure that enormous arms production capability, arms technology potential, and stockpiles of armaments and materials for producing weapons of the former Soviet military-industrial complex do not make their way into the wrong hands, particularly to state sponsors of terrorism.

Our efforts cannot succeed if governments are unable to afford to eliminate weapons and capabilities they want to discard or to exercise effective control over weapons and weapons technologies that remain. Key assistance programs to buttress our diplomacy include dismantling of weapons, control of nuclear and other sensitive materials, redirecting former weapons scientists into peaceful pursuits, military and defense exchanges, assistance in developing export controls, and customs monitoring. The

President's Expanded Threat Reduction Initiative (ETRI), a five-year, \$4.2 billion multi-agency program expands and accelerates these efforts, and adds a new effort that will facilitate Russian military withdrawals from Moldova and Georgia.

ETRI needs be fully funded and cannot succeed if it draws large resources away from economic, civil society and other programs designed to foster the underlying transformation that will prevent a resurgence of this problem in the future.

In our FY 2001 requests for FSA and NADR (Non-proliferation, Anti-terrorism, Demining, and Related Activities), we propose levels for ETRI that will ensure that we can continue to carry out the non-proliferation, export control, and border security programs described above.

Democracy and Human Rights

The second regional goal is to secure democracy, civil society and the rule of law. Parliamentary and presidential elections will take place in ten of the twelve states in FY 2000-2002. Working with regional governments, and enlisting the help of local and international NGOs and the OSCE, we must ensure that the commitments of these countries to free and fair elections are observed. We must also encourage practical steps to facilitate the development of civil society, establishing the legal and institutional basis of democracy and inculcating respect for fundamental human rights.

Our broad range of assistance programs includes election assistance, support for non-governmental organizations and independent media, and people-to-people programs that foster contacts and partnerships between Americans and people of the region, universities, hospitals, non-governmental organizations and local governments. Legal training, judicial exchanges, help in writing legislation and cooperation among law enforcement agencies all help establish the rule of law, contribute to the fight against crime and corruption and serve to reduce transnational criminal threats to Americans and American interests.

Economic Development

Sustainable development of open markets is key to restoring prosperity in the region, and support for economic reform constitutes a third key pillar of U.S. policy. Successful economic policies will provide direct trade and investment opportunities for the U.S., while also reinforcing democracy and peaceful cooperation among the region's countries and diminishing the pressures that encourage crime and corruption. Instruments for promoting economic reform include both bilateral policy dialogue and engagement by the international financial institutions, such as the IMF, IBRD, EBRD and the World Trade Organization (WTO). Our support for Caspian Basin energy development and multiple pipelines aims to foster regional cooperation and ensure that states are able to fully exercise their independence in economic relations with international markets.

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Humanitarian aid is declining in importance as the regional economies strengthen and develop. However, drug use and prostitution have led to a skyrocketing AIDS epidemic in several countries. Health care is woefully inadequate and population growth in certain areas is a significant problem. Environmental problems are enormous. We must find ways through our bilateral assistance programs and multilaterally, to address these issues.

Regional Stability and Cooperation

Cooperation among states of the region is key to dealing effectively with regional and local conflicts, addressing transnational threats, and fostering investment and prosperity. A fourth pillar of our policy is promoting regional cooperation and the settlement of regional and internal conflicts where they exist. The integration of these countries into such Euro-Atlantic structures as the OSCE and NATO's Partnership for Peace helps establish cooperation among them, while reinforcing their commitment to Western values and principles. Resolving conflicts in Nagorno-Karabakh and Abkhazia are priorities for 2000 in light of progress Armenia and Azerbaijan made in direct discussions during 1999 and the opportunities that may arise following Georgia's presidential election in April 2000. We need to work directly and through the OSCE Minsk Group and the UN, and be prepared to mobilize resources in support of settlements when they are achieved. Our support for the Central Asian Peacekeeping Battalion (CENTRASBAT) aims to facilitate cooperation among the armed forces of the member states and orient them toward constructive activities that will contribute to regional peace and stability.

Diplomatic Readiness

Twelve embassies, three consulates and eight domestic offices each play an active role in implementing nearly all of the Department's goals in the region. The big issues of post-Cold War security, democracy building, market economic development and regional cooperation, as well as a wide range of other priority goals and objectives, impose huge program management responsibilities on each of posts and domestic offices. Their work is accomplished by lean operations that are, with the exception of Embassy Moscow, increasingly inadequate for the job. We must find the resources to match our strategic vision for this key region -- to build secure embassies that give our people decent places in which to work and live, to fund their operations on a par with posts elsewhere in the world, and to ensure that staffing is commensurate with the workload.

Resources

Since 1992, approximately \$16.6 billion has been appropriated for assistance to the New Independent States, including \$7.5 billion in FREEDOM Support Act (FSA) funds. In FY 2000, \$835 million is available for programs under FSA, while an additional \$1.1 billion is expected to be budgeted by other U.S. government agencies for programs in the region. These programs help facilitate the long-term democratic and market transition in these countries, primarily by working at the grassroots. We will support reformers at the regional and municipal levels, we will provide training and credit access for small

New Independent States

business, and grants and training to strengthen NGOs and independent media. The summaries of country programs describe these activities in more detail. All of these programs will play an important role in gaining the historic transformations which we seek and which will contribute to the security and well-being of our nation.

ARMENIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	80,080	102,380	74,960
NADR	-	300	600

National Interests:

The United States seeks to promote peace and stability in the Caucasus and to help the three Caucasus countries fulfill their potential as gateways from the Caspian Basin to the West. In connection with these efforts, the United States supports the transformation of Armenia into a democracy based on the rule of law and an active civil society that functions on free-market principles, is at peace with its neighbors, is integrated into the world economy, and has the capability to provide for the welfare of its citizens. A transformed Armenia would be less likely to engage in armed conflict with Azerbaijan or to disrupt the export of hydrocarbons from the Caspian Basin. A democratic, secure and prosperous Armenia also would be less vulnerable to Iranian economic influence, less dependent on Russian military support, more capable of preventing the proliferation of weapons of mass destruction (WMD), better able to protect human rights, better prepared to halt environmental degradation, and more effective in combating transnational terrorism, narcotics trafficking and financial crime. Humanitarian programs seek to ease the plight of a country in transition and to avert crises.

Objectives and Justification:

Achieving a durable and mutually acceptable resolution to Armenia's conflict with Azerbaijan over Nagorno-Karabakh is key to several U.S. interests. A durable peace settlement would eliminate a major cause of instability in the Caucasus region. It would facilitate Armenia's economic cooperation with its Caucasus neighbors and remove the major impediment to normal relations between Armenia and Turkey. It would free Armenia to concentrate more of its political energy and economic resources on domestic reforms and development and on improving the social well-being of its citizens. The United States is working with the parties to the conflict, both bilaterally and as a Co-Chairman of the OSCE Minsk Group, to assist them to reach a mutually acceptable peace agreement. The United States also has initiated efforts to assess post-agreement resettlement and reconstruction needs and to begin preparing to meet those needs. Requests for FY 2001 are designed to support that effort.

The Armenian Government's stated aim is to build a parliamentary democracy based on the rule of law and a vibrant civil society. However, progress remains slow and incremental. Since 1994, Armenia has adopted a written constitution by referendum and

conducted two parliamentary and two presidential elections. Each of the elections was marred by irregularities, but the May 1999 parliamentary elections demonstrated areas of improvement over previous elections. U.S. assistance programs are working with government agencies and non-governmental organizations (NGOs) to improve election laws and procedures. Assistance efforts are also assisting legislators to draft appropriate laws, training judges and prosecutors, and helping to promote effective political parties. Support for NGOs and the independent media assists them to effectively articulate public interests and strengthen civil society. Exchanges and training and partnership programs provide opportunities for current leaders and the next generation of Armenians to learn about U.S. society and institutions first-hand and to forge personal ties with individual Americans and U.S. institutions. In FY 2001, \$70.46 million in FSA funds will help to improve democratic and economic reform, and humanitarian assistance.

Armenia has taken important steps toward establishing a free-market economy. Privatization of agricultural lands is nearly complete. Most small businesses and many medium-size businesses are privatized. The government has liberalized its trade regime and is making progress toward enacting and implementing the laws necessary to accede to the World Trade Organization (WTO). The United States is assisting Armenian leaders and businesspeople to further the transformation to a market-based economy. U.S. programs supporting economic reforms include efforts to promote power sector restructuring, extend credit to small businesses, and develop enterprise funds. Department of Commerce and other programs work with the business and agricultural sectors to increase markets for U.S. exports. U.S. Treasury advisors provide technical assistance to Armenian officials in such fields as budget and tax administration. State Department exchange programs provide training and contacts for individual entrepreneurs and businesses and help facilitate the development of open markets.

The Armenian Government has demonstrated a willingness to cooperate with the United States in preventing WMD proliferation and in fighting transnational crime. It has taken several steps to strengthen its export controls. U.S. programs help Armenia fight narcotics trafficking and financial crimes that threaten U.S. security. U.S. law enforcement agencies, working through the State Department's Bureau of International Narcotics and Law Enforcement Affairs, provide training and assistance to increase Armenia's capacity to fight international crime and corruption and to improve human rights practices in criminal justice institutions. Other U.S. programs under the Expanded Threat Reduction Initiative (ETRI) promote the participation of former WMD scientists in peaceful research projects supported by the International Science and Technology Center (ISTC) and the U.S. Civilian Research and Development Foundation (CRDF). In FY 2001, \$4.5 million in FSA funds will be used for ETRI assistance in Armenia. In addition, U.S. export control and border security programs provide training and assistance to customs and border guard authorities to improve their export control capabilities and prevent WMD proliferation.

The Government of Armenia has announced its commitment to cease operations of the Metamor nuclear power plant by 2004, based on the assumption that alternative

sources of electricity production are available then to replace Metzamor's output. U.S. programs support Armenia's efforts to improve near-term operational and physical safety at Metzamor until its scheduled closure in 2004. Other programs are designed to assist Armenia to attract the investment necessary to develop alternative sources of electricity production.

Armenia continues to require assistance in providing for the welfare of citizens who lost their homes and/or providing family members during the devastating earthquake of 1988, those affected by the conflict over Nagorno-Karabakh and various other targeted groups in most need, such as orphans and the elderly. U.S. programs provide humanitarian relief to earthquake victims and refugees from the Nagorno-Karabakh conflict. Other programs support Armenian efforts to provide health care for disadvantaged citizens.

AZERBAIJAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	35,180	30,760	54,560
NADR	-	500	600

National Interests:

U.S. national interests focus on the advancement of free market and democratic reforms in Azerbaijan and the promotion of regional stability. Economic and democratic reforms are crucial elements promoting long-term stability in a country that is critical to the achievement of U.S. goals and objectives in the Caucasus. The involvement of U.S. firms in the development and export of Azerbaijani oil is key to our objectives of diversifying world oil supplies, U.S. energy security, and promoting U.S. exports. U.S. leadership, as a co-chair in the OSCE Minsk Group peace process, is vital to achieving a settlement of the Nagorno-Karabakh conflict. Once a settlement has been reached, resettlement of refugees and reconstruction will be a priority. The U.S. is working with Azerbaijan to enhance its ability to prevent the proliferation of weapons of mass destruction or conventional arms and encourages efforts to halt transshipment of narcotics across its borders. Humanitarian programs seek to ease the plight of the disadvantaged and displaced and to avert crises.

Objectives and Justification:

The Nagorno-Karabakh conflict has hindered economic and political development in Azerbaijan and limited efforts for regional cooperation. Achieving a durable and mutually-acceptable resolution to the conflict is key to several U.S. interests. A durable peace settlement would eliminate a significant cause of instability in the Caucasus. It would also enable Azerbaijan to concentrate more of its political and economic resources on domestic reforms and development and on improving the social well-being of its citizens. The U.S. is working with the parties to the conflict both bilaterally and as a Co-Chair of the OSCE Minsk Group to assist them to reach a mutually acceptable peace agreement. The U.S. will continue to actively participate in diplomatic efforts to resolve the conflict and promote cooperation and stability.

The Nagorno-Karabakh conflict has created over 750,000 refugees and internally displaced persons in Azerbaijan. In addition, a significant percentage of Azerbaijan's territory remains occupied by ethnic Armenian forces. To date, U.S. assistance to Azerbaijan, constrained by Sec. 907 of the FSA, has primarily focused on humanitarian relief to refugees and IDPs. These programs have been administered largely by NGOs and international organizations whose activities include the distribution of food, clothing and medicines; the provision of basic medical services; construction of shelters; and

rehabilitation of water supply and sanitation systems. In recent years, due to Congressional flexibility on Sec. 907, humanitarian assistance has been augmented with U.S. support for grassroots democracy-building and small private enterprise development. The U.S. government will continue to implement activities to assist victims of the Nagorno-Karabakh conflict in FY 2001 with \$52.56 million in FSA funds for humanitarian assistance as well as economic and democratic reform. In the event of a peaceful settlement, the USG will extend this assistance to include support for economic restructuring and growth objectives and resettlement of refugees.

Azerbaijan has made progress towards the creation of a democratic system of government but significant problems remain, including a series of national elections since 1993 that did not meet international standards and a poor record with regard to respect for human rights. In FY 2001, the U.S. will continue to promote the development of democratic institutions, the holding of free and fair elections, and the development of a civil society in Azerbaijan. Assistance to the government will focus on programs that promote the development of the rule of law as well as electoral assistance. The U.S. will also continue programs to assist non-government organizations, political parties and the media to help them to effectively articulate public interests and strengthen civil society. Exchanges and training and partnership programs provide opportunities for current leaders and the next generation of Azerbaijani leaders to learn about U.S. society and institutions first-hand and to forge personal ties with individual Americans and U.S. institutions.

While economic growth is apparent in Baku as a result of oil industry development, spillover effects into other sectors of the economy have not yet occurred. The agricultural sector, which has the potential to employ a large sector of the economy, is mired in low productivity. Recently privatized farms are small and lack reliable access to inputs, water, equipment and finance. Private business development has been hampered by complex regulations, corruption and underdeveloped financial systems. The unemployment level remains stagnant at a high level despite three years of GDP growth. Because Azerbaijan is a vital link in the Trans-Caspian energy corridor, it is essential that the Government of Azerbaijan develop a market-oriented, transparent and corruption-free economic, legal and regulatory system. U.S. assistance in FY 2001 will focus on accelerating growth and development of private small and medium enterprises in agriculture and other targeted areas. Training opportunities will focus increasingly on economics and business development. In addition, the USG will continue to work with the Government of Azerbaijan on oil development, and support American companies through OPIC, TDA, and U.S. Export-Import Bank activities, to continue to effectively promote American investment opportunities in Azerbaijan.

There is a great need to reduce the risk of proliferation of weapons of mass destruction and associated delivery systems, materials, technologies and expertise in Azerbaijan. The Government of Azerbaijan has demonstrated that it takes this issue seriously, by intercepting shipments of concern. The U.S. has responded with modest programs under the Nonproliferation, Antiterrorism, Demining and Related Account

(NADR). We look to expand these programs under the Expanded Threat Reduction Initiative (ETRI) and \$2 million in FSA will be used for this effort in FY 2001. Azerbaijan's maritime region has enormous potential for both legitimate and illegal commerce. The agencies responsible for maritime law enforcement are sorely in need of both resources to conduct surveillance and boardings in the Caspian Sea and port security training for maritime enforcement agencies in Baku. Without these resources, the Government of Azerbaijan has an extremely limited ability to conduct any maritime operations, particularly export control and nonproliferation. In 1999 USG agencies cooperated to design the beginnings of an integrated nonproliferation maritime support program which would include training exercises for maritime law enforcement agencies as well as provision of necessary equipment, and would be implemented in FY 2000-01. The provision of vessels under the Excess Defense Articles (EDA) program would greatly enhance Azerbaijan's nonproliferation capabilities in the maritime arena. U.S. export control and border security assistance programs will provide training and equipment to customs and border guard organizations to improve export control infrastructure and capabilities to prevent WMD proliferation. U.S. assistance also will support programs designed to redirect former Soviet WMD scientists to peaceful research.

BELARUS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	12,390	7,300	8,000

National Interests:

Advancing democratic principles and economic reform will help ensure the independence and prosperity of Belarus, which will in turn contribute to regional stability. The lack of legitimate democratic institutions, increased political oppression, retrograde economic policies, and relations with rogue states threaten regional development and security, potentially undermining U.S. interests. A democratic and sovereign Belarus would result in increased Euro-Atlantic security, reinforcement of regional democratic and economic reform trends, improved human rights, increased opportunities for U.S. investors and exporters, and more effective treatment of the long-term effects of the 1986 Chornobyl nuclear disaster.

Objectives and Justification:

Resolving Belarus' political and constitutional impasse is key to enabling the country to make a successful transition to democracy, the rule of law and market economic reform. Resolution of this crisis might also enable Belarus to reassess its relations with rogue states and better address its environmental and economic problems.

The U.S. strives to encourage a resolution of the crisis in Belarus by supporting independent NGOs that directly advocate human rights and actively promote democracy. This support takes the form of targeted assistance, academic and professional exchanges, and USAID civil society programs, and in FY 2001 \$8 million in FSA funds will go towards democratic reform, as well as humanitarian assistance. Academic and professional exchange programs provide an opportunity for Belarusian citizens, especially young people, to familiarize themselves with the day-to-day functioning of a market-based, democratic system. Recognizing the key role that independent media play in a free society as well as in transitional societies, the U.S. has made support for the independent media a top priority. Our assistance provides material and moral support to journalists and editors who struggle to keep their publications open in the face of regular harassment by the regime.

Opportunities to encourage economic reform through USG assistance programs are severely circumscribed in Belarus. Since open-air markets are one of the few areas where non-state initiative has been permitted to develop, the U.S. provides assistance to the Union of Market Vendors to help new entrepreneurs organize to defend their economic

rights. While multi-year IMF programs and World Bank structural adjustment loans are suspended, the International Finance Corporation, working closely with local governments, has in place a small-scale privatization program that has been supported by the USG.

Targeted U.S. humanitarian assistance, including support from the State Department's Operation Provide Hope, the Defense Attaché's Office and USAID, is provided by NGOs directly to assist people in the area most greatly affected by the Chernobyl disaster. NGOs receiving U.S. support also work to address public health concerns, including tuberculosis, hepatitis, HIV and women's wellness and infant care.

GEORGIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	84,580	108,400	85,760
FMF	7,950	3,000	4,500
IMET	394	400	475
NADR	--	997	900

National Interests:

The United States seeks to promote Georgia's development as a stable, independent, democratic, market-oriented and prosperous state, with good relations with its neighbors and strong links to the West. Georgia is an important geopolitical linchpin in the Caucasus region: as the western portal to the Great Silk Road and the newest conduit of Caspian oil to world markets, Georgia is a strategic gateway of energy and trade routes linking East and West. Georgia's neutrality in the Nagorno-Karabakh conflict puts it in position to play an important leadership role in the region. A stable, independent Georgia will reduce chances of military conflict in a region bordering Russia, Turkey and Iran, as well as the proliferation of weapons of mass destruction and the spread of international crime. U.S. national interests focus on supporting Georgia's sovereignty and territorial integrity; facilitating the resolution of ethnic separatist conflicts; advancing democratic and free-market reforms; and helping Georgia to achieve energy independence and raise revenues through the development of a competitive, market-oriented regional energy infrastructure. Humanitarian programs seek to ease the plight of a country in transition and to avert humanitarian crises.

Objectives and Justification:

The U.S. is most immediately focused on helping Georgia ensure its constitutional democracy, security, and territorial integrity. Since gaining independence from the Soviet Union in 1991, Georgia has faced a violent coup d'etat, a destructive civil war in Abkhazia, and two serious attempts on the life of President Shevardnadze. Georgia's delicate relationship with Russia is complicated by ongoing negotiations on the status of Russian military bases in Georgia and the current Russian military campaign in Chechnya. U.S. diplomatic and assistance efforts have focused on helping Georgia to gain control over its borders (including support of an OSCE monitoring presence on the Georgia-Russia border with Chechnya, preventing the conflict in Chechnya from spilling into Georgia, and facilitating Georgia's efforts to resolve outstanding basing issues with Russia. The Georgian Border Security and Law Enforcement Assistance Program, which concentrated initially on Georgia's Maritime Border Guard Forces, shifted focus temporarily to the Georgia-Russian land border in the Chechnya region during winter

1999-2000. The U.S. is currently providing urgently needed material assistance to assist the Georgian Border Guard to carry out its mission on this sensitive international border.

Under an agreement reached at the November 1999 OSCE Summit at Istanbul, Russia has agreed to close two of its military bases in Georgia by mid-2001. The State Department has allocated \$10 million in FY 2000 FSA funds for military relocation assistance under the Expanded Threat Reduction Initiative (ETRI) to support fulfillment of these commitments. And the Department has included \$8 million in its FY 2001 budget request to support relocation of Russian forces from Georgia. In the medium term, border control assistance will also help Georgia develop its ability to prevent the proliferation of weapons of mass destruction or conventional arms and transshipment of narcotics across its borders.

U.S. assistance also seeks to improve the readiness and capabilities of the Georgian military. Under the Foreign Military Financing Program (FMF) and International Military Education and Training Program (IMET), the U.S. has helped Georgia to improve its communications capacity (necessary for Georgia's participation in NATO Partnership for Peace (PFP) exercises) and provide badly needed officer training. An additional FMF allotment was used to purchase 10 UH-1H helicopters (six operational and four for spare parts), establish a logistics support system in-country and train future Georgian air force pilots and mechanics to operate and maintain these aircraft. Georgia demonstrated its commitment in the effort to fight proliferation by hosting an U.S.-funded export control conference in 1999. Georgia will be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) where appropriate. The transfer of EDA will assist Georgia in meeting defense requirements, enacting defense reforms, and furthering interoperability.

Ethnic tensions and rivalries have effectively placed the regions of Abkhazia and South Ossetia outside the control of the Georgian Government. The Ajara region is ruled by a local strongman and is in effect also outside of central government control. It has not, however, declared independence. In regard to Abkhazia, U.S. membership in the contact group "Friends of the Secretary General on Georgia" has put it at the forefront of efforts to facilitate contacts between the two sides, to move the UN-led peace process forward, and to resolve the status of the region in a manner that respects ethnic diversity while enhancing Georgian territorial integrity. The U.S. is also engaged in South Ossetia through the OSCE-led peace process. These conflicts have led to the displacement of over 300,000 individuals, and U.S. material assistance funded under the FREEDOM Support Act has focused on helping Georgia to cope with the humanitarian consequences. In September 1999 the Peace Corps conducted an initial assessment of conditions in Georgia. On the basis of their positive assessment, Peace Corps is expected to make a decision on establishing a presence in Georgia in the near future.

Over the longer term, U.S. diplomatic and assistance efforts are focused on supporting Georgia's efforts to institute democratic and economic reforms and to anchor itself within Euro-Atlantic political and security structures. Georgia registered some solid successes in FY 1999: successful parliamentary elections in October were an important

milestone in Georgia's fledgling democracy, and Georgia's ambitious judicial reform program continued to increase the independence of the judiciary. Privatization of the energy sector continued and a successful land-titling program has accelerated the development of a land market. The National Bank of Georgia maintained tight monetary policy, and managed to control inflation and keep the national currency (the lari) relatively stable. Georgia has a partnership and cooperation agreement with the EU and participates in NATO's Partnership for Peace. It became a member of the Council of Europe in April 1999. The World Trade Organization General Council approved Georgia's accession package in October 1999, and the Georgian parliament is expected to ratify the agreement in early 2000.

However, Georgia faces a growing fiscal crisis caused by a failure to undertake other reforms such as fighting corruption and improving revenues. This threatens to become a serious economic crisis. Unemployment, underemployment and constraints on credit keep living standards low, while state social programs are inadequate to address the population's needs. Civil service reform is needed to introduce more responsive and effective government professionalism. Health care and education do not receive adequate human or monetary resources. U.S. diplomatic and assistance efforts are focused on the medium-range goals of improving revenue collection and fighting corruption, and on the long-range goals of helping Georgia to move forward with democratic and economic reforms. Increased exchanges and partnerships between U.S. and Georgian schools and universities are engaging the next generation of leaders in the reform process.

Georgia remains dependent on Russia for most of its energy needs, and the current fiscal crisis renders it vulnerable to Russian political pressure. In the short term, U.S. diplomatic and assistance efforts have focused on providing humanitarian assistance to the most vulnerable members of Georgian society to help them through frequent energy shortages. In the medium and long-term, U.S. assistance is focused on helping Georgia to privatize its energy sector in a transparent and rational manner. This should assure foreign suppliers of regular payment and reduce the potential for political pressure. The U.S. is also working actively with other players in the region to develop multiple East-West energy supply routes; these should provide Georgia with multiple sources of energy resources and steady income through transit fees.

In FY 2001, U.S. diplomatic and assistance efforts will focus on helping Georgia to move forward with democratic and economic reforms, and the further development of an open and vigorous civil society with \$61.26 million in FSA funds. Under the Expanded Threat Reduction Initiative (ETRI), the U.S. will provide NADR assistance and \$24.5 million in FSA to help Georgia enhance export control capabilities, and to find solutions to the conflicts in Abkhazia and South Ossetia. The U.S. will continue its efforts to help the Georgian Government develop the capacity of its Border Guards and Customs Service to exercise control over Georgia's borders. The U.S. has provided the Border Guards with the infrastructure, equipment and training necessary to carry out their mission. In 2000, the U.S. will carry out additional training programs, and a communication system along Georgia's northern border should be in place by the end of

New Independent States

May 2000. U.S. assistance efforts also will support Georgian participation in the Science and Technology Centers and other nonproliferation programs. In addition, U.S. assistance will encourage Georgia to play a leadership role in the South Caucasus, particularly as progress toward a settlement in Nagorno-Karabakh permits greater cooperation among the states in the region.

KAZAKHSTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	50,510	43,720	48,300
FMF	1,800	1,500	1,900
IMET	383	550	600

National Interests:

Kazakhstan, the ninth largest country in the world, plays a key role in Central Asia because of its size and geographic location between Russia, China, Iran and Afghanistan. The United States seeks to promote Kazakhstan's development as a stable, independent, democratic, market-oriented and prosperous state, with good relations with its neighbors and strong links to the West. Key U.S. interests with respect to Kazakhstan are: (1) pursuing further dismantlement of Kazakhstan's weapons of mass destruction (WMD) infrastructure, a peaceful role for its weapons scientists, the safe and secure storage of nuclear materials and spent fuels, and nonproliferation cooperation; (2) promoting Kazakhstan's long-term political stability through the development of democratic institutions and respect for human rights; and (3) encouraging the development of the Caspian basin's hydrocarbon resources and means for their secure access to international markets.

Objectives and Justification:

As a former nuclear weapons state with nuclear reactors, and an inheritor of Soviet biological and chemical weapons infrastructure and expertise, Kazakhstan has the potential to be a source or transit country for WMD materials or technology and for conventional weapons transfers of concern. Funds requested under the Expanded Threat Reduction Initiative (ETRI) and NADR programs will help to reduce threats of proliferation, ensure the security of nuclear materials at nuclear power, research and production facilities, enhance export controls and redirect former Soviet weapons expertise into peaceful projects. Kazakhstan has made major efforts to ensure against WMD proliferation. Following the 1999 discovery of the illegal transfer of MiG-21s to North Korea cooperation also has improved on conventional weapons transfers. In FY 2001, \$6 million in FSA will be used for ETRI programs in Kazakhstan.

Kazakhstan's size and geographic location give it enormous potential to influence the development of neighboring states. The Foreign Military Financing (FMF) and International Military Education and Training (IMET) programs will enhance regional cooperation by deepening Kazakhstan's cooperation in Partnership for Peace (PFP), supporting Kazakhstan's battalion as well as the Central Asian Peacekeeping Battalion (CENTRASBAT), and enhancing the Kazakhstani military's interoperability with NATO

forces in the context of PFP exercises. They will also facilitate reform of the armed forces, and help Kazakhstani officials better understand Western democracy and free markets. Kazakhstan will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Kazakhstan to meet its defense requirements and further NATO interoperability. Programs funded by the FREEDOM Support Act (FSA) focused on trans-Caspian oil/gas export route issues and programs to facilitate regional cooperation on water and electricity will also build regional stability. Funds requested for FSA programs will assist Embassy outreach, and promote and strive to maintain an atmosphere of trust and understanding between the people of Kazakhstan and the United States.

Although an improvement over the deeply flawed January 1999 presidential election, the October 1999 parliamentary elections fell short of OSCE standards. As a reflection of the U.S. government's concerns about respect for civil liberties in Kazakhstan, FSA-funded democratic initiatives, Peace Corps programs and exchanges will be carefully targeted to support the grassroots development of democratic institutions, political pluralism, civil society, and respect for human rights. In FY 2001, \$42.3 million in FSA funding will enable our assistance program, which focuses heavily on grassroots approaches, to increase citizen participation in economic and political decision-making and improve people's access to information, support for exchanges to engage the next generation of leaders, work with NGOs, and help independent TV and radio stations become more professional and a viable alternative to state-run media. Our more limited work with the government promotes the rule of law, seeks to improve the preparation for and conduct of elections, promotes humane and democratic police practices and civilian control of the military; promotes judicial reform; ensures respect for ethnic and religious diversity; and improves the legal framework for NGOs. We work closely with the OSCE to coordinate efforts to support respect for human rights.

Kazakhstan's efforts to open its markets and progress toward accession to the World Trade Organization (WTO) have slowed. Kazakhstan has made important progress in economic reform, but must move ahead with reform in order to secure the foreign investment necessary to exploit its energy export potential. FSA programs will help Kazakhstan to liberalize its commercial, legal and regulatory framework. This is critical to U.S. interests as Kazakhstan is a potential principal exporter of energy and minerals and the recipient of over \$2 billion of U.S. investment. The business environment in Kazakhstan remains difficult, necessitating active U.S. advocacy on behalf of U.S. companies. Funds requested for FSA programs such as the Commerce Department's business promotion efforts, USDA's Cochran Fellowships and the State Department's Public Diplomacy Exchanges will be vital to increasing U.S. trade and investment in Kazakhstan, providing expanded commercial opportunities for U.S. companies.

Given Kazakhstan's budget woes and deeply-rooted Soviet law enforcement practices, FSA-funded criminal justice assistance will strengthen Kazakhstan's law enforcement capability and judicial system to help prevent international crime and corruption from affecting American citizens at home and abroad and to promote

Kazakhstan's economic prosperity. Kazakhstani government funding to fight the drug trade has been reduced and more illegal drugs are believed to be produced in or transit Kazakhstan. FSA funds will be allocated to criminal justice programs to improve Kazakhstan's ability to fight narcotics trafficking, production, and abuse as well as transit.

Serious budget shortfalls have disrupted the lives of large segments of people, primarily children, elderly and physically handicapped, creating the potential for external extremist groups to garner support. FSA humanitarian initiatives and special transport will allow the U.S. to help Kazakhstan address specific, compelling social needs. With its health system in a state of collapse, Kazakhstan is faced with epidemic levels of tuberculosis in several areas and growing numbers of AIDS cases. FSA programs will combat the spread of infectious disease within Kazakhstan and promote effective reorganization of Kazakhstan's health services.

Kazakhstan faces some of the world's most serious environmental challenges. Despite serious budget constraints and industrial resistance, Kazakhstan has announced its intention to undertake serious steps to reduce greenhouse gas emissions and to protect its endangered species. FSA and Peace Corps programs will strengthen Kazakhstan's commitment to protect the earth's climate, support the conservation and sustainable use of natural resources, and reduce already serious environmental degradation.

KYRGYZSTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	32,010	29,460	37,540
FMF	1,550	1,000	1,600
IMET	383	350	400

National Interests:

The United States seeks to promote peace and stability in Central Asia and to assist the countries of the region in fulfilling their potential as a crossroads between Asia and the West. In this regard, the United States supports the continuing transformation of Kyrgyzstan into a democracy based on the rule of law and civil society that functions on free-market principles, is at peace with its neighbors, is integrated into the world economy, and has the capability to provide for the welfare of its citizens. A democratic, secure and prosperous Kyrgyzstan would be less vulnerable to Chinese and Iranian economic influence, less dependent on Russia, more capable of preventing the proliferation of weapons of mass destruction (WMD), better able to protect human rights, better prepared to halt environmental degradation, and more effective in combating transnational terrorism, narcotics trafficking and financial crime.

Objectives and Justification:

Kyrgyzstan's commitment to democratization and economic reform stand out as an example of the successes that can be achieved in Central Asia. Unfortunately, Kyrgyzstan lacks the industrial capacity, exploitable natural resources, favorable geography and demographics that have allowed some of its neighbors to expand their economies and improve the condition of their populations. The disproportionate effect on Kyrgyzstan's rapidly reforming economy of the 1998 Russian economic crisis was exacerbated in late 1999 by a three-month long incursion into the southwest of the country by armed Islamic extremists opposed to the government in neighboring Uzbekistan.

Although not without flaws, Kyrgyzstan's progress toward a democratic and civil society, anchored by the rule of law, has been substantial since its 1991 independence. The presidency remains the dominant institution in government, but a vocal, multi-party parliament is asserting its constitutional authority more and more actively and has successfully overridden a number of presidential vetoes, while a newly reformed legal code and independent budget authority promise to empower the judiciary. U.S. assistance in this area has included support for the drafting and implementation of a new electoral code, reforms in legislative drafting and management, and programs to improve citizens' access to and involvement in municipal government institutions. These and other activities,

including strengthening civil society, promoting an independent media, solidifying the rule of law, and deepening respect for human rights, will continue in FY 2001 and beyond. In FY 2001, \$35.54 million in FSA funds would be used for economic and democratic reform and humanitarian assistance.

Kyrgyzstan is an enthusiastic participant in NATO's Euro-Atlantic Partnership Council and the Partnership for Peace, and was an early supporter of a Central Asian Peacekeeping Battalion for regional and international deployment. FY 2001 Foreign Military Financing (FMF) and International Military Education and Training (IMET) will continue to support regional security and peacekeeping. Kyrgyzstan will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Kyrgyzstan to meet its defense requirements and further NATO interoperability.

Kyrgyzstan has cooperated closely with the U.S. Government on regional and bilateral law enforcement initiatives aimed at combating serious transnational crimes such as narcotics trafficking, terrorism and weapons smuggling. In addition, U.S. counter-proliferation assistance has focused on developing and enhancing the border security and export control capabilities of Kyrgyzstan and its Central Asian neighbors, with a focus on interdicting the smuggling of weapons of mass destruction. In FY 2001, \$2 million in FSA funds will support Expanded Threat Reduction Initiative (ETRI). ETRI programs and Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) funds will help reduce threats of proliferation, enhance export controls and border security, and redirect former Soviet weapons experts into peaceful civilian pursuits. There are also plans for FY 2001 for new DOD counter-proliferation programs implemented jointly with the Federal Bureau of Investigation (FBI) and the U.S. Customs Service.

Kyrgyzstan acceded to the World Trade Organization (WTO) in December 1998 and continues to reform its economy and legal system to create a completely free and open market for international trade and investment. Economic reforms to date include the ongoing restructuring and rationalization of the fiscal management system, which has included often-painful exercises in budgetary restraint. The Government is in the process of overhauling its commercial regulatory structure, including a USAID-assisted rewriting of the commercial code. U.S. Government assistance has focused on commercial law reform, fiscal reform, privatization, and small business formation.

The greatest challenge for the Kyrgyz Government (and for U.S. assistance to Kyrgyzstan) has been, and continues to be, translating the progress on democratic and economic reforms into concrete improvements in the lives of its citizens. Recent initiatives aimed at improving government-supplied social services and improving health care are key to this effort. As one of the poorest countries in the former Soviet Union, Kyrgyzstan continues to need humanitarian assistance to targeted vulnerable groups in most need. The U.S. intends to continue to provide FREEDOM Support Act funding to facilitate the delivery of such targeted assistance including emergency pharmaceuticals, medical supplies/equipment, clothing and vaccines.

MOLDOVA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	45,390	64,260	49,960
FMF	1,250	1,250	1,500
IMET	485	490	600
NADR	--	300	--

National Interests:

U.S. national interests in Moldova include promotion of a democratic government, a free market economy and regional stability and security. Transnistrian separatism threatens regional security and Moldova's prospects for success as an independent state, a fact exacerbated by the continued presence of Russian military in Transnistria. U.S. assistance is aimed not only at regional security but also at promoting a democratic government and prosperous free market economy, combating transnational crime, preventing weapons proliferation and averting humanitarian crises.

Objectives and Justification:

Despite financial limitations, Moldova is active in the Partnership for Peace program. Moldova is committed to reforming its military along the lines of the Western model and has decided to establish a peacekeeping battalion with U.S. assistance that will form the core of its reformed military. Moldova has engaged in an extensive defense/military contacts program with the United States, expanded its participation in PfP exercises, and made effective use of the limited International Military Education and Training (IMET) funds provided it, as graduates of these programs have consistently moved into positions of greater responsibility. Additionally Moldova has developed a robust program with its State Partner, the North Carolina National Guard. FY 2001 Foreign Military Financing (FMF) and IMET funds will be used to further develop and reform Moldova's armed forces, enhance the capability of its peacekeeping battalion to operate alongside NATO forces with common, interoperable equipment, and promote the integration of Moldova into Euro-Atlantic security structures. In addition, U.S. assistance will help redirect former Soviet weapons scientists and technical experts to peaceful civilian pursuits. Moldova will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Moldova to meet its defense requirements and further NATO interoperability.

Moldova has generally outpaced its neighbors in terms of democratic development and human rights observance. FREEDOM Support Act (FSA) funds are directed at NGOs, independent media and exchanges bringing more Moldovans to the U.S. to foster

development of a civil society and promote stability internally and in the region. Moldova's success in establishing a democracy provides a positive example for other neighboring states to follow in their democratic development. USAID programs and other technical assistance will help strengthen Moldova's economy through continued support for land reform, strategic privatization, energy sector restructuring, and post-privatization economic development. In FY 2001, \$37.46 million in FSA funds will assist democratic and economic reform in Moldova, as well as humanitarian assistance.

The growth of organized crime in the NIS region presents a direct and growing threat to Moldovan prospects for economic and political stability, and thus for U.S. national security interests. Assistance funds will continue to support cooperative efforts between USG law enforcement agencies and Moldovan Government and local government officials to combat organized crime. In the area of counter-narcotics, these funds will assist Moldova in training border guards to secure its borders against the use of Moldova as a trans-shipment route from Central Asia to Europe and on to North America. Funds will also assist Moldova in training customs officials and elaborating procedures designed to stop shipments of raw materials and equipment used in the production of narcotics.

Under the Expanded Threat Reduction Initiative (ETRI) in FY 2001, funding from NADR and \$12.5 million in FSA will support programs to prevent proliferation of weapons, weapons technology and expertise in Moldova. Preventing the export or transit of arms or strategic materials that could be used for weapons of mass destruction is a key U.S. objective in Moldova. Export Control and Border Security Assistance will strengthen Moldova's export control system; assisting Moldovan Government officials and legislators in developing legal authority and providing training and equipment to prevent, deter, and investigate incidents involving movement and trafficking of weapons and technology.

In recognition of Moldova's current economic crisis and the hardships associated with its ongoing reform efforts, the U.S. intends to continue to provide FSA funding to facilitate the delivery of targeted humanitarian assistance including emergency pharmaceutical and vaccine supplies to those in most need. Additionally, in an attempt to further improve healthcare for vulnerable groups of Moldova's population, and thereby promote a measure of greater prosperity for all Moldovans, the U.S. will provide continued assistance to support health care reform including health partnerships, women's health/family planning activities and hospital assistance.

Transnistrian separatism, coupled with the continued presence of Russian troops and ammunition in Transnistria, threatens the stability of the entire region. Additional FSA funding for military relocation assistance under the Expanded Threat Reduction Initiative (ETRI) will be provided to assist OSCE efforts to facilitate implementation of Russian commitments to withdraw their forces and dispose of arms stockpiles. Specifically, assistance will support withdrawal or destruction in place of the large stockpile of ammunition located at the Colbasna base and other facilities in Transnistria as well as military equipment located at the main Russian base in Tiraspol. Withdrawal of the

Russian military from Transnistria, in accordance with their commitments made at the 1999 Istanbul CFE Summit will mitigate the threat to regional stability posed by Transnistrian separatism. The continuing efforts of the OSCE Mission in Moldova to negotiate a resolution to the separatist conflict will be supported. Peaceful settlement of this conflict will not only aid in stabilizing the region, but could serve as a model for settlement of other conflicts in the region.

RUSSIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	161,160	178,480	161,850
FMF	--	500	1,000
IMET	228	800	800

National Interests:

The United States has an overriding national security interest in working with Russia to reduce the threat posed by weapons of mass destruction through arms control, threat reduction efforts, and cooperation on nonproliferation, as well as to further Russia's development into a stable democratic country with a market-based economy, fully integrated into the mainstream of world political and economic relations. The benefits to the United States of a non-threatening and reforming Russia are direct and tangible in terms of maintaining a reduced level of defense spending and opening up a potentially large export market. Russia's fledgling steps toward democracy could be reversed if its people lose hope in a more economically secure future. We also have strong national security interests in protecting Americans from the threat of international crime originating in Russia and in cleaning up the environmental degradation from the Soviet period.

Objectives and Justification:

Continuing Warsaw Initiative funding for Partnership for Peace exercises from the Foreign Military Financing (FMF) program, and International Military Education and Training (IMET) program funds, will help policy leaders in Russia understand that the admission of new members to NATO does not threaten Russian security. Russia will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Russia to meet its defense requirements and further NATO interoperability.

Under the Expanded Threat Reduction Initiative (ETRI) the United States continues to provide assistance through U.S. Department of State, Defense and Energy programs to prevent proliferation of WMD, weapons technology and expertise. In FY 2001, funding from Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) and \$26 million in FREEDOM Support Act (FSA) funds will continue assistance to enhance Russian export controls to contain its nuclear, biological and chemical weapons and related technology. Scientific collaboration programs with FSA funds will help prevent proliferation of weapons expertise, particularly in the area of biotechnology and redirect former Soviet weapons experts to peaceful pursuits. In coordination with NADR funds, FSA funds also support export controls and border security in Russia, providing

equipment and training to help strengthen institutions charged with containment of potential weapons components within Russia.

As economic and political authorities become increasingly decentralized, Russia's future will more and more be determined at the regional and municipal level. Our economic and democratic assistance has moved away from the national government and toward the regions over the past four years, and this trend will continue in FY 2001. This movement to the regions is exemplified by the "Regional Initiative" (RI). Under the RI, the USG develops partnerships with progressive Russian regions in an effort to help them establish favorable conditions for economic growth, and then enlists their help in disseminating the lessons of their experience to other regions. Efforts will continue in FY2001 in the current RI regions – Novgorod, Samara, Sakhalin and Tomsk – to put in place the building blocks of a market system (with particular emphasis on small business development), to attract both foreign and domestic investment, and to strengthen civil society.

A successful transition depends on the strength of democratic institutions and civil society. In the face of almost continual political and economic crises, Russia has held a series of national, regional and local elections that have in nearly all cases resulted in the transfer of power within the bounds of the Russian Constitution. This is a trend that FSA programs have sought to support, through technical assistance provided for the electoral process, and various kinds of training for political parties and NGOs. Establishing democracy and rule of law on a more solid footing, however, will require long-term, generational change. FSA programs therefore, are increasingly focused on the grassroots, providing funding for exchange programs, as well as grants and training for NGOs and the independent media. FSA funding of \$135.86 million will support this type of long-term democratic, as well as economic change in FY 2001.

Success of democratic and economic reform in Russia also depends on individual Russians' belief that their day-to-day lives will improve. The engine of future economic growth in Russia will be small business. The private sector development program will receive FSA funds in FY2001, with a significant portion going to capitalize micro-credit and small loan funds, primarily in the regions outside Moscow. Other programs will provide training to thousands of entrepreneurs in basic business skills, and support efforts by regional governments to improve conditions for small business by removing regulatory and administrative barriers.

Russia must build a positive investment climate to attract the capital flows needed to bring about long-term economic growth. Programs receiving FSA funds will help provide training and expertise to modernize the Russian tax system, improve fiscal management, and tighten regulation of the banking sector. At the same time, although Russia's investment policies need significant improvement, opportunities already exist for U.S. exporters and investors in the vast Russian market. Programs sponsored by the Department of Commerce provide U.S. companies with information about these opportunities, and facilitate direct linkages with Russian partners.

Russia's environment still bears deep scars from the Soviet era. Some environmental problems have the potential to do damage well beyond Russia's borders. FSA funding is devoted to addressing some of these problems in FY 2001. Together with the governments of countries in the region, FSA funding supports programs to safely contain nuclear waste in northwestern Russia. USAID programs will also build upon and expand successful forestry initiatives in the Russian Far East and Siberia, with the goal of promoting sustainable forestry management and preserving Russian forests as a globally important carbon sink.

Russia's financial crisis has further damaged the post-Soviet social safety net, and most Russians no longer have access to adequate health care. Now Russia's health concerns have the potential to have impact on the world at large. In addition to funding partnerships with U.S. hospitals, FSA funding to Russian health programs will help address the spread of multi-drug-resistant strains of tuberculosis, and of HIV/AIDS. Humanitarian programs funded through the Department of State will continue to facilitate the delivery of assistance donated through U.S. private volunteer organizations (PVOs) to target groups within Russia.

The stability of Russia's government -- which is in our direct national interest -- depends in part on its ability to address the populations' most urgent needs. One consequence of the financial crisis is that Russia no longer has the capacity to address emergencies as they arise. In addition to addressing genuine humanitarian needs, FSA funding will do much to engender good relations between U.S. and Russian NGOs. FSA funds will also ameliorate the effects of regional conflicts, which have displaced thousands and created refugee flows, particularly in the North Caucasus and Central Asia. The USG contributes to international efforts coordinated by the UNHCR and other international organizations.

Russian authorities recognize the threat to their economy presented by international crime, and they have turned to the U.S. and other Western partners for assistance in addressing these issues. The complexity of white-collar crimes, particularly corruption, money laundering, computer fraud and others, is beyond the capability and resources of Russian law enforcement. With FSA funds, the USG will provide training and expertise to Russian law enforcement authorities to help address these problems, which undermine confidence in democratic participation, and discourage domestic and foreign investment. Russian law enforcement likewise is poorly prepared to address the complexity and international nature of issues relating to drug trafficking and narco-business. Russia's role as a transit country for illegal drugs has increased since the breakup of the Soviet Union, and drug use, particularly of opiates, is on the rise. Targeted USG interagency programs using FSA funds support training of Russian law enforcement authorities in modern methods to combat these crimes.

TAJIKISTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	13,050	9,200	12,000

National Interests:

The United States continues to promote peace and reconciliation in Tajikistan in the years following the country's bloody, five-year civil war. Tajikistan is about to enter the fourth and last phase of implementation of the UN-brokered peace accord reached on June 27, 1997. It is still the poorest of the former Soviet republics, and its proximity to both Iran and Afghanistan gives it critical strategic importance. Supporting full implementation of the peace accord and national reconciliation in Tajikistan remains a primary U.S. goal, as well as fostering the democratic and market economic reforms necessary to development of an independent and stable Tajikistan. These efforts will in turn help to establish and maintain peace and prosperity throughout Central Asia. Transitional humanitarian assistance is aimed at averting a humanitarian crisis.

Objectives and Justification:

The main objective of our assistance will be to ensure peace and stability in Tajikistan, which are preconditions to our long-term goals of fostering the growth of democratic institutions and market economic mechanisms. Experience in recent years in Tajikistan has shown that reaching out to reform-minded government leaders and professionals through training and exchanges is one of the most effective means of laying the groundwork for genuine democratic institutions. Such emphasis will also hopefully encourage the development of the kind of national institutions indispensable to the fostering of civil society, such as national NGOs. To date, most NGO activity in Tajikistan remains limited to that of foreign institutions active in the reconstruction effort.

In the area of health, Tajikistan continues to have one of the highest levels of infant mortality in the world, as well as outbreaks of contagious diseases. There are also health problems associated with radiation exposure.

In FY 2001, the United States should be able to focus its \$12 million in FSA assistance efforts in the area of micro-economic development and continued democracy-building projects, while continuing our core efforts in peace-building and humanitarian programs. Targeted humanitarian programs through private volunteer organizations will have the aim at providing emergency assistance to groups in most need in Tajikistan.

New Independent States

Tajikistan has committed to cooperating with the U.S. on countering the proliferation of weapons of mass destruction and receives modest assistance primarily for strengthening its legal structure of export controls.

TURKMENISTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	11,260	6,280	8,000
FMF	600	600	700
IMET	261	300	325

National Interests:

The United States has a strategic and economic interest in a Turkmenistan that is politically stable and independent, while moving toward economic viability and integration into international economic and political institutions. Turkmenistan's location makes it a regular transit route for the movement of people and goods between Southwest Asia and the North Caucasus, a situation complicated by the current security situation in those two regions. Turkmenistan has the world's fourth largest gas reserves as well as significant oil reserves. The United States is keenly interested in seeing these significant energy resources reach the key Turkish market and beyond into the West, preferably via pipelines which do not pass through the territory of other regional powers that might shut off the flow to advance their own political agendas.

Objectives and Justification:

Turkmenistan remains a one-party state on the Soviet model, dominated by its president, Saparmurat Niyazov, and his pervasive cult of personality. This power was consolidated even more by a parliamentary vote on December 28, 1999, which extended Niyazov's term indefinitely. The parliament itself was seated following severely flawed elections held on December 12, 1999, in which only government-selected candidates were allowed to run and turnout was announced at 98.9 percent despite reports that many polling places stood empty throughout the day.

Attempts to target U.S. assistance toward fostering democracy, expanding the rule of law, and increasing community activism in Turkmenistan are severely hampered by the government's repressive policies. The Niyazov government actively controls and censors all print and broadcast media, refuses to allow the formation of opposition political parties or independent trade unions, and completely dominates the judicial branch. While non-governmental organizations (NGOs) with explicitly non-political agendas (e.g. women's rights, environmental protection) are permitted to operate in Turkmenistan, the government is leery of foreign involvement in such activities. As a result, U.S. private voluntary organizations (PVOs) as well as community-based organizations receiving U.S. assistance have had difficulty gaining registration with the Government of Turkmenistan.

Assistance in the economic sphere has also met with only limited success. The Government of Turkmenistan has avoided any significant privatization of the state-run command economy, claiming that rapid liberalization would cause instability and diminish the living standards of the labor force. Turkmenistan's economy has experienced difficult times of late. Export revenues remain low, while the budget deficit and underlying trade deficit continues to worsen. Despite frequent urging from the U.S., the World Bank and IMF and other financial institutions, Turkmenistan so far has not chosen to reform its budgetary system. In fact, a significant portion of government expenditures (including entire ministries) remain outside the control of the Ministry of Finance. In addition, a significant portion of Turkmenistan's foreign exchange reserves are held in a fund controlled by President Niyazov personally, and are not at the disposal of the Central Bank of Turkmenistan (which has already has little independence). U.S. assistance to the government has focused on institution-building and legislative reform. However, with the exception of an improvement in fiscal and budgetary management, there has been little change in the structure of government or the system of presidential management by decree accompanied by bureaucratic sprawl. Attempts to provide expert assistance in support of agricultural reform or sector privatization have gone nowhere.

The Government of Turkmenistan has sought repeatedly ways to link its cooperation on U.S.-led Caspian Basin energy initiatives to increased U.S. financial assistance for otherwise unrelated economic activities in Turkmenistan. However, aside from a TDA grant for a feasibility study on the proposed Trans-Caspian Gas Pipeline (TCP), to date there has been no directly related U.S. financial assistance. U.S. diplomacy in this regard has focused instead on creating the right political conditions for the TCP to become a commercially viable project, which could then be eligible for project financing from the Export-Import Bank. The onus is on the Government of Turkmenistan and its governmental partners in Azerbaijan, Georgia and Turkey to conclude agreements with a commercial sponsor who would then construct and operate the pipeline. At that point, the project could become eligible for project finance credits from the Export-Import Bank, but no U.S. financial assistance per se is envisioned.

The U.S. provides limited bilateral assistance in the area of law enforcement, including efforts to combat serious transnational crimes such as narcotics trafficking, terrorism and weapons smuggling. In FY 2001, \$7 million in FSA funds will support these programs. In addition to law enforcement assistance, U.S. counter-proliferation assistance has focused on developing and enhancing the border security and export control capabilities of Turkmenistan and its Central Asian neighbors, with a focus on interdicting the smuggling of weapons of mass destruction (WMD), and \$1 million in FSA funds will support this in FY 2001. This is a particular concern in Turkmenistan, which lies along centuries old trade and smuggling routes running both north-south and east-west. Turkmenistan will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Turkmenistan to meet its defense requirements and further NATO interoperability. Turkmenistan participates in NATO's Partnership for Peace and is eligible for Foreign Military Financing and IMET funding.

In FY 2001, we expect Turkmenistan to require additional FMF for individual equipment items, follow-on training associated with transfer of an EDA vessel in FY 2000. Turkmenistan will also consider a project that will provide a western standard, day/night, all weather approach capability for a Turkmen airfield that will be open to US Air Force aircraft. Also, we expect the Turkmen to require additional IMET for English language training, English language instructor training, civil-military relations training and operational training (e.g., air assault, infantry and maritime officer).

UKRAINE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	203,580	160,000	171,300
FMF	4,100	3,000	4,000
IMET	1,304	1,300	1,500

National Interests:

The United States has a strong national security interest in supporting Ukraine's successful transformation into a stable, independent, democratic, market-oriented and prosperous state, with good relations with its neighbors and strong links to the West. Ukraine is important for building a secure and undivided Europe and its successful transition may assist similar transitions elsewhere in the region. A stable, independent and democratic Ukraine will also be a key partner of the United States in tackling major post Cold War challenges, such as the proliferation of weapons of mass destruction, the expansion of mutually beneficial trade and investment and the shaping of a more stable and secure Europe. The most critical national interests guiding U.S. Government policy are national security, economic prosperity, and promoting democratic reform. The recent, albeit imperfect, presidential elections and the appointment of a reform-oriented new government provide a good basis for bilateral cooperation toward achieving these goals.

Objectives and Justification:

Ukraine was designated by Secretary Albright as one of four key new democracies across the globe, and has been a primary beneficiary of FREEDOM Support Act (FSA) funding. The furtherance of democratic and economic reform in Ukraine remains a primary objective, and programs are focused on grassroots and local reforms and to expand considerably programs oriented toward the "next generation" of Ukrainian leaders.

In FY 2001, \$167.8 million in FSA funds will support such reforms. In particular, the new "Next Generation Initiative" will, over the next year, result in a significant increase in the number of students, policy makers and other young leaders coming to the United States for practical and academic programs. This will enhance the linkages between individuals, businesses, institutions and communities in the U.S. and Ukraine. In FY 2001, FSA funds will also be used to strengthen local non-governmental organizations that can serve as watchdogs over the government's activities and articulate public interests.

Funding will continue for projects aimed at increasing the professionalism and independence of the judicial system. USG assistance also helps leverage funding from other donors for the development and deployment of a civic education program on the

secondary level, small grants for non-governmental organizations, parliamentary exchanges and for programs aimed at strengthening the independent media.

Ukraine's long-term political stability is closely linked to its economic prosperity. Achieving that prosperity will require significant economic reform to foster long-term sustainable economic growth. To this end, some funding for technical assistance to the Government of Ukraine's economic ministries will be provided to help prepare the legal and regulatory texts necessary to move the country to a free market system and to open its markets to foreign goods. Funds for loans to small and medium businesses—the most likely source of long-term sustained innovation and growth—will also be available. The U.S. will continue to serve as a catalyst for economic reform by encouraging partnerships with neighboring countries and other international institutions.

The Soviet-era energy and industrial infrastructure of Ukraine is a source of significant environmental problems, highlighted by the nuclear reactor at Chornobyl. The U.S. has played an important role in helping the Government of Ukraine fund the closure of Chornobyl, scheduled for 2000. In FY 2001, FSA funds will be used to contribute toward construction of the Chornobyl sarcophagus, to continue safety upgrades at other nuclear power plants, and to assist local NGOs develop environmental expertise.

Like other NIS countries, Ukraine continues to have targeted groups within its population, including the victims of Chornobyl, in great need of humanitarian assistance. FSA-funded humanitarian programs have traditionally delivered a substantial amount of such targeted assistance to those in most need in Ukraine in the form of medical supplies and equipment, pharmaceuticals, food and clothing. Examples of programs made possible in Ukraine through FSA funding in 1999 included over \$10 million in flood relief assistance to Zakarpatia, the provision of a DOD excess property package to the people of Kharkiv worth over \$16 million, and transport by the Department of State of millions of dollars in donated humanitarian commodities through U.S. private volunteer organizations.

Ukraine is home to a large number of scientists who have experience working on weapons of mass destruction (WMD). The U.S. and the Ukrainian Governments have strong interests in providing alternative peaceful employment to prevent the proliferation of this expertise. Programs under the FY 2001 Expanded Threat Reduction Initiative funded through the Expanded Threat Reduction Initiative (ETRI) and the Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) will continue to encourage threat reduction from Ukraine's strategic military arsenal. Three and a half million dollars in FSA funds will support ETRI programs in FY 2001. FSA funds for the U.S. Civilian Research and Development Foundation, the Science Center and other nonproliferation programs will support scientific research proposals of former WMD scientists as they apply critical technologies to peaceful civilian uses. FSA and NADR funds will also provide export control and border security training and equipment to Ukrainian border security and customs officials in an effort to prevent or interdict the illegal transit of sensitive materials and technology to rogue states.

The International Military Education and Training (IMET) Program will provide English language training, professional military education, and training for non-commissioned officers to enhance Ukraine's ability to participate in Partnership for Peace (PFP) activities. Funds from the Foreign Military Financing (FMF) Program will enable Ukraine to purchase items such as utility vehicles, communications systems, search and rescue equipment and other support items that will enable its forces to operate more effectively. In FY 1999, \$4.7 million in prior year FMF was used to support Ukraine's initial KFOR deployment, providing the Ukrainian military with practical interoperability and peacekeeping experience alongside U.S. forces. Ukraine will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA will assist Ukraine to meet its defense requirements and further NATO interoperability.

UZBEKISTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	27,330	17,350	25,000
FMF	1,650	1,500	1,700
IMET	526	500	550

National Interests:

The United States has significant interest in seeing Uzbekistan develop into a stable and prosperous society with a democratic government and an open, market-based economy. The U.S. Government also seeks to extend Uzbekistan's support for U.S. global and security objectives. Internally, Uzbekistan remains an authoritarian state; it is in the U.S. interest to see it evolve democratically, with respect for human rights. Economically, a prosperous Uzbekistan would be central to the commercial economic expansion of the region. However, its failure to move toward a market economy hurts prospects for its own economic success, for U.S. access to its natural resources, and for increased U.S. trade and investment. Following the re-election of President Karimov in January 2000, the U.S. Government will be watching closely to see if he follows through on renewed statements of commitment to economic reform.

Objectives and Justification:

The United States wants to help Uzbekistan play a key role in fostering cooperation and stability in Central Asian. Uzbekistan has been an important player in the attempt to bring about a solution to the crisis in Afghanistan, and is a guarantor of the Tajik peace plan. We seek to develop military cooperation with the U.S., to orient Uzbekistan's sizable military toward cooperation with NATO, the U.S., and Uzbekistan's own neighbors. This cooperation will be achieved through the Warsaw Initiative and Uzbekistan's active participation in the Partnership for Peace (PFP). Foreign Military Financing (FMF) is provided for the Central Asian Peacekeeping Battalion (CENTRASBAT), a joint effort with Kazakhstan and Kyrgyzstan, as well as for equipment and training to enhance Uzbekistan's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. International Military Education and Training (IMET) is fostering greater respect for/understanding of the principle of civilian control of the military, improved military justice systems and procedures, and effective defense resource management. The IMET Program will continue to focus on education for senior military officers and civilians and English language training. Uzbekistan will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

Transfer of EDA will assist Uzbekistan in meeting defense requirements as well as further NATO inter-operability.

The U.S. encourages Uzbekistan's commitment to nonproliferation and will continue assistance programs under the Expanded Threat Reduction Initiative (ETRI) to prevent proliferation of WMD, weapons technology and expertise. The U.S. will work with Uzbekistan to dismantle facilities reported under the Chemical Weapons Convention. Through FREEDOM Support Act (FSA) and Non-Proliferation, Antiterrorism, Demining and Related Programs (NADR) funds, the U.S. Government will continue to work with Uzbekistan to develop effective export controls and border security capabilities by developing an action plan to address their most immediate shortcomings. Projects approved by the Science and Technology Center in Ukraine (STCU) will keep former Soviet weapons experts employed in peaceful research.

In FY 2001, \$5 million in FSA funds will support ETRI programs in Uzbekistan, and \$20 million will be used to support economic and democratic reform, and humanitarian assistance.

The spread of organized crime and drug trafficking threatens Uzbekistan, which sits astride trafficking routes between Afghanistan and Europe. FSA funding enables the U.S. to train Uzbekistani law enforcement and border officials to keep this problem from growing further.

The U.S. seeks to support the development of democratic institutions in Uzbekistan by focusing on three elements: (1) a transparent legal system to complement market reforms; (2) growth of private indigenous media and access to Western media; and (3) development of non-governmental organizations (NGOs), particularly in the human rights field. Technical assistance will emphasize the rule of law through drafting of necessary civil and criminal legislation and training judges and attorneys. The small but growing independent media sector will continue to receive our support. Several small grant mechanisms will continue to provide direct assistance to Uzbekistani NGOs. Exchange and training programs will offer the next generation of leaders exposure to democratic values.

The strategy of the U.S. for improving economic growth prospects in Uzbekistan involves supporting Uzbekistan's shift to a free-market economy and strengthening the legislative foundation and commercial infrastructure needed to encourage investment. However, the scope of U.S. economic assistance will depend on whether, and to what degree, the Government of Uzbekistan acts in accordance with President Karimov's renewed statements of commitment to economic reform. The USG is working closely with Uzbekistan to identify and resolve difficulties that inhibit foreign investment and trade: limitations on currency convertibility, complex registration and accreditation processes, and an inadequate banking system. USAID is working closely with the Ministry of Finance to assure fair and transparent implementation of a new tax code and to modernize tax administration. The U.S. is providing technical advice to draft a new budget law,

reorganize budgetary classification systems, and strengthen budgetary planning and execution. The U.S. will continue to encourage investment and support development of private business through the Central Asian-American Enterprise Fund, which has already made numerous equity investments and small business loans in Uzbekistan. The USG encourages Uzbekistan to pursue membership in the WTO and will provide technical assistance as appropriate.

FSA-funded humanitarian programs have delivered targeted assistance to those in most need in Uzbekistan, primarily providing scarce medical supplies and pharmaceuticals, clothing and some food, much of which was directed to institutions such as orphanages, retirement homes, etc. High rates of rural unemployment and decayed water supply and sanitation infrastructure leave many citizens vulnerable, warranting U.S. aid. Uzbekistan's high rate of population growth and young population pose a major demographic and economic challenge; the U.S. is helping to ensure access to family planning, which should serve to decrease abortions and improve maternal and neo-natal health. Through pilot projects involving privatization, cost recovery, and other health care reforms, the U.S. is helping Uzbekistan better manage its health care needs and reduce costs.

FREEDOM SUPPORT ACT - REGIONAL FUNDS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FSA	90,480	78,222	92,770

National Interests:

FREEDOM Support Act (FSA) regional programs promote regional cooperation and stability in the Independent States (IS) of the former Soviet Union by providing opportunities for citizens of the IS countries to work together to promote economic restructuring and democratic reform. Closer cooperation among the IS countries contributes to regional security by enhancing their ability to address issues of mutual concern, such as reducing the risk of proliferation of weapons of mass destruction (WMD) and combating the spread of narcotics trafficking and other transnational crimes.

Objectives and Justification:

U.S. national security depends on the successful transformation of the New Independent States into a democratic, law-based, pluralistic community functioning on market principles and integrated into the world economy. Several U.S. national interests in this region are pursued through assistance projects that involve more than one country. Examples include the pursuit of a peace settlement in the Caucasus and promoting energy-sector reform throughout Central Asia. FSA regional funding supports a wide range of activities that span several NIS countries, such as support for refugees and displaced people who are victims of regional conflicts.

FY 2001 Request - FSA Regional Funds	92,770
Caucasus Regional Programs	3,000
Central Asia Regional Programs	6,000
Peace/Reform Fund	35,000
Independent States Regional Programs	48,770

Caucasus regional programs focus on responding to urgent humanitarian needs and other special initiatives. Central Asian regional programs focus on energy and environmental issues. The Peace/Reform Fund enables the U.S. Government to respond quickly to targets of opportunity such as peace settlements and the appearance of signs of genuine commitment to reform on the part of the IS governments. The Peace/Reform Fund is also used to augment projects that perform very well during the year and require additional support.

NIS regional programs address the entire range of the U.S. government's assistance objectives, including increased trade and foreign investment, greater regional cooperation, combating crime and corruption, and promoting economic restructuring and democratic reform. NIS regional funds will also be used to support programs that redirect former Soviet WMD expertise to peaceful activities and enhance the ability of the IS to prevent the proliferation of WMD (and associated delivery systems, materials and technologies) across their borders.

NIS regional funds also help provide for the physical welfare of the citizens of the NIS countries. The conflicts in various parts of the NIS, particularly in the Caucasus, have created refugees and internally displaced people in great need. FSA-funded humanitarian assistance plays a crucial role in responding to regional humanitarian crises.

In addition, NIS regional funds support feasibility studies sponsored by the U.S. Trade and Development Agency (TDA), as well as the administration and management of several NIS-wide programs, including Treasury Department technical assistance, and training and exchange programs implemented by the U.S. Departments of State and Agriculture. To promote U.S. exports in the IS region, citizens throughout the region need to become familiarized with U.S. products, services, and business practices in order to grasp the value of U.S. exports. This familiarization is accomplished through training of new entrepreneurs and U.S. Commerce Department trade and investment programs supported by NIS regional funds. Regional law enforcement training programs help the NIS countries combat narcotics trafficking, reduce the likelihood of international terrorist operations, and improve human-rights practices in criminal justice institutions.

INTERNATIONAL SCIENCE & TECHNOLOGY CENTERS¹
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	[22,000]	[59,000]	45,000

National Interests:

The Science Centers program was designed to counter the threat that weapons of mass destruction (WMD) -related expertise and technologies in the former Soviet weapons complexes might be diverted to other countries seeking WMD. The two Science Centers in Moscow and Kiev operate under international agreements, with financial support from the United States, Canada, the European Union, Norway, and South Korea. The Centers help former Soviet weapon scientists and engineers to redirect their expertise to peaceful activities and provide incentives for them not to market their capabilities in weapons technology to potential proliferators.

Objectives and Justification:

The Centers have expanded from a "stop the brain drain" strategy of engaging weapons scientists to a program supporting long-term civilian transition and sustainable endeavors in both applied and basic research. In addition to engaging over 27,000 scientists and engineers since 1993, the program has registered over 85 inventions, and has provided business management training to 175 participants in one quarter of 1999, giving scientists and engineers the foundation to move to industrial partnering efforts in other U.S. programs.

For FY 2001, the Administration is requesting \$45 million in Non-Proliferation, Anti-Terrorism, Demining, and Related Programs (NADR) to support several new or increased Science Centers initiatives and to respond to an existing backlog of more than \$30 million in interagency reviewed and approved project proposals. Plans include:

- increased program support for the successful Biological Weapons Redirection effort, engaging additional institutes and starting the major project work for which U.S. Government agencies have laid the foundations. This program originated with one Russian institute and now involves 15 institutes. During FY 2001, the Department propose to broaden this initiative to include the full range of Russian biotech facilities, as well as those inherited by Kazakhstan, Uzbekistan, Armenia, Georgia, Belarus, and Ukraine.

¹ In FY 1999 and FY 2000, Science Centers was funded in the FREEDOM Support Act (NIS) account.

New Independent States

- initiate a new effort that targets institutes of special proliferation concern. First among these will be Ukraine's Yuzhnoe missile complex, and then the full range of Russian missile facilities and aeronautical institutes.
- working in coordination with DOE's Nuclear Cities Initiatives, continue activities that foster strategic commercial development outside the security perimeter, using mechanisms such as the ISTC's business training program.

Approved projects are funded directly by the Science Centers in Moscow and Kiev, and are subject to routine audits to ensure proper use of funds. Consistent with past practice, a small amount of NADR also will be used for administrative support and oversight of the Science Centers program.

SOUTH ASIA

**Bureau of South Asia
Statement by
Assistant Secretary Karl Inderfurth**

Challenges for U.S. Policy

The United States faces daunting challenges as well as enormous opportunities in South Asia as we enter the new millennium. How we engage this region in areas vital to U.S. foreign policy, including regional stability and security, nuclear nonproliferation, counter-terrorism, economic development and trade liberalization, democratization, and environmental protection, will affect our national interests for years to come. In March 2000, President Clinton will travel to South Asia - the first U.S. presidential visit to that region in more than 20 years. This high-level attention promises to highlight the region's important role in our efforts to address what President Clinton calls trade expansion with a human face. The FY 2001 budget request links these important U.S. foreign policy priorities in the region with needed resources.

The challenges we face in South Asia are formidable. Heightened tensions continue between two nuclearized neighbors: India and Pakistan, whose 1998 nuclear tests rocked the global nonproliferation regime. A military coup in Pakistan has interrupted that country's progression toward becoming a mature democracy. Usama bin Laden and his terrorist network remain at-large in Afghanistan and continue to pose significant threats to Americans at home and abroad. The civil war in Afghanistan wreaks havoc on that country and threatens regional stability. The Taliban's repression of women in Afghanistan and other human rights violations is whittling away at the population's dignity and ability to function productively, with dangerous seepage into Pakistan. Massive poverty and abuses such as child labor and trafficking in women and children pervade the region. HIV/AIDS threatens the region's large population. Production and trafficking of narcotics has become the mainstay of many in Afghanistan. Finally, widespread environmental degradation threatens the health and quality of life of the region's entire population. Maintaining our leadership role in a region so critical to U.S. interests requires that we invest more attention and resources in South Asia, home to almost one quarter of the world's population.

South Asia also offers many opportunities to the United States. We need to engage the countries of South Asia more actively in expanding their economies, liberalizing trade, and privatizing industries. Increased globalization means that the opening up of South Asian economies to U.S. exports and investment will have a greater impact on our prosperity at home and lead to substantial benefits in the region. With continued reforms and liberalization, India could become one of the world's most important markets. U.S. business presently enjoys pride of place, with the U.S. India's largest trading partner, but its bilateral economic engagement will be necessary to boost trade to significantly higher levels.

U.S. engagement in the region has started to, and can have a greater positive impact, in such vital areas as improving the status of women and girls, decreasing child labor, stemming the flow of drugs and trafficking in women and children, stimulating economic development and improving the quality of life, and strengthening democracy and human rights. Glenn Amendment sanctions, imposed on India and Pakistan as a result of their nuclear tests in May 1998, constrain U.S. exports of controlled technology to both countries as well as assistance for other than basic human needs. U.S. assistance to Pakistan is further constrained by sanctions triggered by that country's October 1999 military coup. Contingent on progress in our nuclear nonproliferation dialogue with India, however, we are ready to resume important technical assistance to advance economic liberalization in that country. While sanctions now restrain our policy options, it is crucial that we remain engaged.

Key Issues

Nuclear Nonproliferation and Regional Stability

Since the nuclear tests in May 1998 by India and Pakistan, we have launched a major diplomatic effort to limit the impact of those actions and prevent them from igniting a nuclear and missile arms race in the region or encouraging further proliferation elsewhere. Working with key nations and international bodies, we have sought reaffirmation of strong support for the Comprehensive Test Ban Treaty, export controls, and other elements of the nuclear nonproliferation regime. In concert with others and unilaterally, the United States has urged India and Pakistan to adopt those steps identified by the P-5 and G-8 communiqués and by U.N. Security Council Resolution 1172, with particular emphasis on critical near-term priorities.

These efforts will continue. In the meantime, we will ensure that as long as sanctions are necessary they will be implemented in a manner that supports U.S. policy without unnecessarily jeopardizing significant U.S. commercial and humanitarian interests. The fighting between forces supported from Pakistan and the Indian Army in Kashmir from May through June 1999 demonstrated why reducing tensions between India and Pakistan is so critical. Adding to the region's instability is the continued fighting between the Taliban and opposition forces in Afghanistan. Preventing conflict from continuing to devastate Afghanistan and spilling outside its borders will require continued active U.S. diplomatic leadership in the region, at the United Nations, and with U.S. allies.

To promote these aims, \$1 million in Economic Support Funds (ESF) will be used to promote regional stability in FY 2001. Programs initiated with these regional stability funds will include: cross-border confidence building measures (CBMs) between India and Pakistan including business-to-business links; cooperation between non-governmental organizations (NGOs) addressing similar issues, such as trafficking in women and children; a Sister Cities program; the creation of conflict resolution curricula at universities in Pakistan and India; information technology links; and scientific and academic exchanges

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and training. We will also consider funding CBMs in Bangladesh and Sri Lanka that build multipartisanship and professionalism among political parties.

Terrorism and Security

South Asia has become the center for anti-U.S. terrorist networks. The organization headed by Usama bin Ladin, who is still being harbored by the Taliban, is the preeminent source of financing and planning for international terrorism directed against the United States. The United Nations Security Council Resolution 1267 and President Clinton's Executive Order imposing economic sanctions on the Taliban as long as they harbor bin Laden and his terrorist network, have isolated the Taliban further and demonstrate the world community's demand that bin Ladin leave Afghanistan. These activities against bin Laden and other terrorists in the region have made security at U.S. posts crucial. In fact, security has been a daily concern for posts across the region for years, particularly in Pakistan, where the U.S. Embassy and USIS center were attacked by rockets as recently as November 1999, and where other significant attacks took place in 1979, 1995, and 1999.

Improving the professionalism of counter-terrorism forces through Anti-terrorism Assistance (ATA) is also key to fighting terrorism and curbing human rights abuses in areas of unrest. To the extent possible under Glenn sanctions, we should seek increased training and intelligence and law enforcement exchanges, particularly information pertaining to international linkages of terrorism. The United States will also cooperate more closely with the Government of India on counter-terrorism efforts in the region, through the Joint Counter Terrorism Working Group established in February 2000.

Democracy and Human Rights

The October 1999 military coup in Pakistan is a major setback to democracy in the region. Promoting democracy in that country is a top priority for the United States in the region. Strengthening democratic institutions, the rule of law and mechanisms to promote adherence to human rights throughout South Asia are central to our efforts to consolidate stability in the region. However, South Asian democracies are also threatened by crushing population growth, poverty, illiteracy, factionalism, fundamentalism, and corruption.

Women are often the hardest hit by these problems and many face discrimination, degradation, and threats to their security. In Afghanistan, the Taliban continue to commit gross human rights violations, including banning women and girls from most schools and work outside the home. There have been some indications that health services for women have increased, but access to hospitals and medical services remain limited. As Secretary Albright and First Lady Hillary Clinton have stressed -- we will continue to make the protection of women's and girls' rights a policy priority.

The Bureau's regional democracy funds will be a strong tool to strengthen our support for democracy and human rights in the region. Projects funded by the funds are

assisting in the creation of a human rights commission in Bangladesh, countering the trafficking in women and children, promoting responsible journalism, increasing the participation of women and other disadvantaged groups in the political process, and promoting free and fair elections. In FY 2001, a top priority will be to promote democracy in Pakistan. Because new sanctions triggered by the military coup in Pakistan prohibit U.S. assistance to the Government of Pakistan, we will work with NGOs and the media to mount a strong campaign to nurture a democratic culture in Pakistan. We will also focus on judicial reform in the region to facilitate the administration of justice, strengthen the rule of law, and address corruption.

The FY 2001 budget request includes \$5 million in Economic Support Funds (ESF) for regional democracy programs. While this is lower than the FY 2000 funding level, we will establish a new regional allocation for women and children support funds for FY 2001 that will take on some of the same objectives -- such as supporting NGOs that provide legal assistance for women, governance and leadership training for women, and addressing the growing problem of trafficking in women and children. Together, these two funding sources -- the regional democracy funds and the women and children support funds -- will serve as important catalysts for developing, through NGOs and governmental and international institutions, independent and impartial judicial systems, human rights commissions, effective and independent electoral systems, and advocacy and training for women and girls to enhance their lives and protect them from human rights abuses.

These funds will also be used to address the problem of child labor. Extreme poverty forces many children to drop out of school early to work. While activities to eliminate child labor in the garment industry have enjoyed some success, Bangladesh may have as many as six million working children between the ages of 5 and 14. Half a million Indian children live on the streets. U.S. Embassies in the region continue to work with the International Labor Organization (ILO) and the United Nations Children's Fund (UNICEF) to monitor child labor, encourage governments to enforce laws that prohibit the use of child labor and with the private sector to stop the use of child labor, particularly in export industries.

The United States is also contributing to efforts to stem the trafficking of women and children with a three-part strategy of prevention, protection, and assistance with prosecution of traffickers. The Bureau of South Asian Affairs in conjunction with our Missions in the region has developed a South Asia Regional Strategy to Combat the Trafficking in Women and Children. We are currently assisting governments in South Asia to strengthen and implement their laws addressing this problem and helping to increase women's literacy and occupational skills. We have an active dialogue with NGOs concerned about this issue in the region especially with regard to protection for trafficking victims. Results are encouraging. For example, Nepal is more strictly enforcing laws against trafficking and pursuing bilateral agreements with India to increase enforcement on both sides of the border. In FY 2001, the women and children support funds will be used to expand efforts to combat trafficking, through advancing women's literacy, providing

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services to the victims of trafficking, including HIV/AIDS awareness, and the provision of shelters.

Economic Growth, Trade, and Assistance

More than 600 million South Asians live in poverty -- the largest concentration of poverty anywhere in the world. By 2015, per capita GDP in India is projected to be only 40 percent that of China and half that of Indonesia. Notwithstanding sanctions imposed on India and Pakistan, the United States continues to provide more than \$260 million annually to South Asia to meet basic human needs. U.S. assistance seeks to expand the production and consumption of foods and strengthen infrastructure to safeguard against natural disasters. U.S. assistance also goes toward management advice and the development and expansion of private enterprises in rural areas. The United States can be proud to have helped Bangladesh achieve self-sufficiency in rice and develop a thriving garments industry. In fact, broad-based growth not only reduces reliance on assistance from the United States and other donors, but can positively affect a multitude of other U.S. goals, including promoting regional stability, reducing migration pressures, averting humanitarian crises, protecting human rights, improving health care, and stabilizing regional population growth.

U.S. involvement in South Asia is critical to advancing our trade and investment goals. The United States is India's largest trading partner and principal source of foreign investment and technology. Two-way U.S.-India trade nearly doubled between 1992 and 1996 and continues to expand. Similarly, the United States is Pakistan's largest market and second largest source of imports. We will endeavor to prevent undue harm to American commercial interests in India -- indeed, we hope to continue expanding our economic interaction -- while pursuing nonproliferation goals.

The United States will continue to press the governments of South Asia to accelerate the pace of market-oriented reforms, introduce transparency into decision-making, and implement privatization. If the investment climate can be improved, the opportunities for U.S. business are enormous. Nepal and Bangladesh offer opportunities for billions of dollars of technology exports and investment in connection with the development of rich hydroelectric potential and natural gas reserves. U.S. investment in Bangladesh alone has grown tenfold over the past year. The market for environmental technologies and services in India is expected to reach \$4 billion in the next 15 years. Some 80 percent of India's industrial base will be rebuilt anew between now and 2010, generating massive demand for manufacturing technology, transportation infrastructure, power generation and distribution, and communications.

Toward this end, we seek \$5 million in ESF funds in FY 2001 for economic reform and liberalization in India. Contingent on progress in our nuclear nonproliferation dialogue with India, these funds will support the provision of technical assistance and training to improve the efficiency and transparency of the capital markets and to promote private financing of urban infrastructure. To take advantage of these opportunities and to

contribute to economic development and cooperation in the region, we also propose the creation of a new South Asia Cooperation in Energy and the Environment Initiative. Available and reliable energy supplies are one key element in attracting capital investment to South Asia. Energy resources exist in the region, but their development, distribution and utilization will require cooperation and trade among the region's countries. This new initiative will require \$4 million in ESF in FY 2001 to promote energy resource development, U.S. trade and investment in energy resources and environmental technologies, and the necessary regulatory reforms to build private sector participation and encourage cooperation and confidence in the energy market. We will be working closely with USAID and their South Asia Regional Initiative on energy to maximize our effect and coordinate assistance. Significant benefits to the region could be achieved through a concerted effort to jointly plan energy infrastructure, conduct energy research and harmonize energy regulatory and investment promotion policies

Global Issues

Population

Population growth is the most serious social issue confronting South Asia. By 2001, 40 percent of the Indian population will live in cities, half of that number in slums. In less than 30 years, India could surpass China as the world's most populous nation and at its current rate of growth, Pakistan's population of 130 million will equal that of the United States by 2050. We are developing effective programs to improve women's and children's health and increasing the literacy rate for women and girls. Research shows that when women are educated, they are more inclined to practice responsible family planning. Nowhere else in the world can U.S. money and expertise improve the lives of so many people. The women and children support funds will advance ongoing initiatives that promote women's skill development and education as well as strengthen women's NGO capacity and advocacy.

Environmental Pollution

India already has three of the world's ten most polluted cities, and is the second fastest growing emitter of greenhouse gases of developing countries after China. Some 70 percent of all electricity generated in India is produced from dirty, high-ash coal. U.S. global environmental goals and efforts to secure adoption of the Kyoto Protocol cannot succeed without India's cooperation. The United States will work with India to develop projects under the auspices of the Clean Development Mechanism in an effort to provide India with the clean energy it needs, while at the same time increasing the export of U.S. environmental technologies to India. The South Asia Cooperation in Energy and Environment Initiative will support regional efforts to develop clean energy resources such as gas reserves in Bangladesh and hydropower in Nepal.

The Environmental Hub in Kathmandu is promoting dialogue with and among countries of the region on environmental issues, such as sustainable management of the

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productive resource base in Nepal, biodiversity and conservation. It also cooperates with regional organizations, national governments, NGOs and the private sector to undertake such environmental projects as developing a regional oil spill response capability and expanding regional cooperation in water use management. Funds managed by the Bureau of Oceans and International Environmental Scientific Affairs will promote regional programs in South Asia.

Infectious Diseases

Over four million Indians are infected with HIV, far more than in any other country. Unless the Indian government does a better job controlling the disease, the AIDS epidemic will follow the African pattern and become the leading cause of death among Indians 15-39 years of age. The National Institutes of Health and other U.S. agencies support AIDS research in India. The problem, however, demands our attention and resources if South Asia is not to become the largest incubator of infectious diseases in the next century. The Indo-U.S. Vaccine Action Program promotes preventive measures to improve infectious disease surveillance.

Illicit Drugs

Afghanistan last year became the world's largest opium producer. South Asia itself lies at the crossroads of two areas that produce most of the world's illicit opium and heroin: the Golden Triangle (Burma, Thailand, and Laos) and Golden Crescent (Afghanistan, Pakistan and Iran). India, one of the world's only producers of licit opium gum for pharmaceutical use, is also becoming a chronic narcotics consuming country, and a moderate player in international drug trafficking. Pakistan decreased its opium cultivation last year by 26 percent, but drug addiction continued to grow. We will work with the GOP to increase arrests of major drug traffickers and urge the GOP to use the Special Vetted Unit, established with U.S. assistance, to break up major trafficking rings. Counter-narcotics is an important issue in the U.S. relationship with India, Pakistan and Afghanistan, and it is crucial to step up cooperative efforts in law enforcement, demand reduction, and crop eradication.

Conclusion

The South Asian nuclear tests, the imposition of sanctions, heightened security threats, President Clinton's visit to the region along with the Administration's ongoing high-level non-proliferation dialogues with India and Pakistan, have put U.S. interests in South Asia into even sharper relief. It is crucial that the U.S. remain engaged in the region to address all of these national interests and strategic goals and that adequate resources be directed to their achievement.

BANGLADESH
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	14,600	15,300	21,050
DA	31,650	32,083	48,352
IMET	394	450	460

National Interests:

In March 2000, President Clinton will be the first U.S. President ever to visit this moderate Islamic democracy signaling increased engagement of this country in the global economic marketplace and greater U.S.-Bangladesh cooperation. The development of a stable democracy in Bangladesh and its transition to relative prosperity from a desperately poor past will further the U.S. foreign policy interests of enhancing regional stability in South Asia, preventing humanitarian crises, and providing investment and export opportunities for the United States. Bangladesh's natural gas reserves could allow it to become a regional energy hub, to earn hard currency -- contributing to economic development -- and to provide a cleaner alternative to other fuels. In addition, Bangladesh's military now supports the country's democratic system and is making a notable contribution to global peacekeeping efforts.

Objectives and Justification:

Bangladesh's decade-old democracy has already had one peaceful transition of power in 1996. Two years ago, the democratically-elected government demonstrated its ability to respond to the needs of the people by greatly enhancing relief and recovery efforts after the most severe flooding ever recorded in Bangladesh history. However, because of discord between the opposition party and the government, violent, politically-motivated, general strikes often disrupt the nation's economy, and the centralized nature of the state fosters mismanagement and corruption which in turn undermines respect for the rule of law, human rights, and the development of civic institutions.

The regional democracy funds (see program page for description and funding request), will support a variety of democracy-building programs to promote a more multipartisan and professional parliament, facilitate the development of local government, increase the effectiveness and impartiality of the judiciary, and foster electoral reform. Assistance to various grassroots organizations is intended to encourage more popular participation in and accountability of all public institutions. Assistance for worker education and the monitoring of core labor standards will also improve worker rights. U.S. contributions to the United Nations Children's Fund (UNICEF) will help support

efforts to provide education for the most hard-to-reach children, so they may escape from the poverty trap of child labor.

Women and girls in Bangladesh endure not only economic hardship, but a discriminatory social and legal system. Trafficking in Bangladeshi women and children within South Asia and to the Middle East is a growing problem. Each year, thousands of poor Bangladeshi women and girls are sold into prostitution and domestic servitude within the country and abroad. The U. S. strategy to combat trafficking will focus on prevention and include education and awareness for villagers, capacity-building of local non-governmental organizations, and rehabilitation for trafficked women. Efforts to address these and child labor problems will be undertaken with the use of the women and children support funds (see program page for description and funding request).

Development Assistance (DA) and Child Survival and Diseases (CSD) funds will continue to support programs to help stabilize population growth and improve the health of mothers and children in Bangladesh. These programs have had dramatic results. The fertility rate has fallen from 6.8 percent in 1975 to 3.3 percent in 1997. Under-five child mortality has fallen from 239 out of 1,000 live births in 1970 to 109 in 1997. Continued efforts are required to bring these numbers down further, so that economic growth can translate into rising living standards in this already-overcrowded land. Health programs will include a new emphasis on HIV/AIDS prevention and polio eradication. Better food security and disaster preparedness will also mitigate future natural calamities.

The United States will also promote development of Bangladesh's natural gas resources. Development Assistance funds will be used to continue support for Bangladesh's rural power program and foster deregulation of the power sector. The regional demand for energy and fuel is growing tremendously. Cleaner sources of power, such as natural gas, abundant in Bangladesh, do less harm to the environment and mitigate global climate change. Regional energy cooperation will require technical assistance in applying the lessons learned by the developed world in this regard. Regional energy cooperation, in which Bangladesh can play a vital role, will enhance regional stability, raise incomes, provide cash for infrastructure development, education, and health, and allow investment and export opportunities for American companies. Power sector deregulation and extension of rural electrification also support these goals. Support for forest and flood plain management and tropical rainforest conservation rounds out these environmental efforts. The Cooperation in Energy and the Environment Initiative (see program page for description and funding request) will provide the resources to increase the momentum in Bangladesh to take advantage of its gas resources.

Development Assistance funds will promote the long-term economic development of Bangladesh by improving the environment for agribusiness, aquaculture, small medium enterprises, and micro-finance. In fact, agricultural production in Bangladesh is making impressive gains. Large-scale infrastructure projects have access to international experts and financing and microcredit programs have lifted millions from the ranks of the poor, but small and mid-scale entrepreneurs have so far been left out of the picture. The United

States will provide access to experienced advisors who can assist entrepreneurs in developing a healthy and prosperous private sector.

Bangladesh's military is currently the world's second largest contributor to international peacekeeping operations. In contrast to the past, when a bloody succession of coups and mutinies created instability, the military now firmly supports democracy. The International Military Education and Training (IMET) program has contributed to this positive role transition, but the Bangladesh military requires more training to boost professionalism, enhance interoperability, and improve performance. Bangladesh's fledgling Coast Guard is in particular need of training and equipment to counter growing piracy and fish poaching and to respond to emergencies in the cyclone-prone Bay of Bengal. Bangladesh will continue to be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act.

INDIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	17,250	22,750	20,676
DA	27,750	25,700	46,550
ESF	--	--	5,000
IMET	241	450	475

National Interests:

President Clinton's visit to India in March 2000 will bring renewed engagement with this nation of over one billion people, a vibrant democratic system and expanding economy. Due to India's May 1998 nuclear tests, 1999 military confrontation in Kargil, increasing tensions with Pakistan, and the serious implications these events have for regional security, U.S. engagement will include efforts to promote Indo-Pakistan dialogue and to bring India toward the nuclear nonproliferation mainstream. The Indo-U.S. commercial relationship has been growing steadily but there remains great, untapped potential for expanded trade and investment. The newly elected government has pledged to institute a "second generation" of economic reforms, and India is exploring how it will fit into the international trade regime. Economic growth, along with a growing population, mean that India will have an increasing impact on the world's economy and environment, with implications for global environmental degradation, poverty, overpopulation and the spread of HIV/AIDS. The most critical national interests guiding USG policy in India are national security, economic prosperity, law enforcement, democracy and global issues.

Objectives and Justification:

After testing nuclear devices in May 1998, India, along with Pakistan, has become the focus of global nonproliferation concern. Tensions with Pakistan remain high; 1999 saw armed conflict between India and Pakistan on the "Line of Control" in Kashmir, and the downing of a Pakistani military plane close to the Indian border. The United States is actively engaged in efforts to help India and Pakistan resolve their disputes and dissuade them from embarking on a nuclear arms race. These efforts will continue to urge India to join international nonproliferation regimes. In addition, the new regional stability funds (see program page for description and funding request), will promote cross-border confidence building measures between elements of civil society in India and Pakistan, including exchanges between academics, scientists, and trade associations in India and Pakistan.

The International Military Education and Training (IMET) program plays an important role in fostering U.S.-India military-to-military contacts and promoting a shared vision of goals. Increased IMET assistance will serve to further develop important U.S.-Indian military relationships at a time of high-level U.S. attention to India, marked by a presidential visit there in March 2000.

Despite sanctions imposed in the wake of the nuclear tests, the United States is India's leading trade partner and source of foreign investment. Both bilaterally and through the World Trade Organization, the United States continues to encourage India to implement and expand market-oriented reforms. If circumstances warrant additional easing of Glenn sanctions against India prior to or during FY 2001, we would consider resuming the Financial Institution Reform and Expansion Program (FIRE), for which we are requesting \$5 million in Economic Support Funds (ESF) for FY 2001. Projects in the FIRE program will assist in improving the efficiency and transparency of the capital markets and promote private financing of urban infrastructure. The program will include the following components:

Financial Sector Reform -- As the Indian economy increasingly integrates into the global economy, vulnerability to external forces increases. Action is needed now to avert or mitigate future financial crises by ensuring transparency and efficiency in securities markets and banking.

State Fiscal Policy Reform -- High fiscal deficits of states have squeezed their infrastructure and social sector expenditure. This effort will support the provision of technical assistance and training to one or two states in fiscal reforms necessary to cut deficits. The state(s) would be selected on the basis of commitment to reform.

Private Infrastructure Investment Increase -- A silent crisis in India is the inadequacy of infrastructure investment. An important source of such investment should be the private sector. The poor performance to date in mobilizing private infrastructure investment is caused by an inadequately receptive policy and regulatory framework and bureaucratic inertia and inexperience. U.S. assistance will go toward policy and regulatory framework reform as well as technical assistance in regulating private infrastructure investment.

In FY 2001 the request for Development Assistance (DA) funds and Child Survival and Diseases (CSD) funds will be used to continue to stabilize population growth, cut pollution in power generation and cities, reduce transmission of HIV/AIDS and other infectious diseases, and advance the economic and political status of women.

In conjunction with these priorities, a new program, the South Asia Cooperation in Energy and the Environment Initiative (see program page for description and funding request), will promote regional cooperation in energy development and environmental protection. This initiative will promote energy resource development, U.S. trade and investment in energy resources and environmental technologies, and the necessary

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regulatory reforms to build private sector participation and confidence in the energy market. Contingent upon progress in U.S.-India dialogue and consequent waiver of Glenn Amendment sanctions, ESF may be made available for energy-related programs in India. The United States will also continue its bilateral dialogue with India on national and global environmental issues including global climate change.

In India's turbulent civil society, the United States will seek to promote democracy through addressing judicial reform and the rule of law, strengthening non-governmental organizations (NGOs), promoting a democratic political culture, discouraging corruption and increasing political participation by women. The South Asia Regional Democracy funds (see program page for description and funding request) will further these objectives through discrete programs in these areas. Another top priority is addressing the growing human rights problem of trafficking in women and children. India has the largest number of persons being trafficked through and within its borders. Mumbai (Bombay) is one of Asia's largest destinations for trafficked girls with a growing HIV/AIDs problem as well. Much needs to be done to alleviate these problems. The women and children support funds (see program pages for description and funding request) will provide resources to address this problem through implementation of the South Asia Regional Strategy to Combat Trafficking in Women and Children. These funds will also support measures to address child labor in several of India's industries including carpets.

With respect to global issues, including narcotics, the annual drug certification process will be used to encourage India to strengthen policies and laws aimed at eliminating illicit opium poppy cultivation, diversion of licit opium production to illicit use, and elimination of morphine and heroin laboratories.

MALDIVES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	94	100	110

National Interests:

The Maldives provides occasional access for U.S. vessels and allows aircraft transit rights in Maldivian airspace (permitting U.S. access to its airport during the Gulf War, for example). The Maldives is also supportive of USG positions in international fora and is a moderate Islamic voice in the region. It is in the U.S. national security interest to maintain stability in this small island nation by strengthening its democratic institutions and working with the Maldivian Government to coordinate policies in international organizations, especially on such issues of shared interest as global warming, nonproliferation, and international terrorism. Since there is no resident U.S. Mission in Maldives, U.S. interests there will be pursued through regular diplomatic exchanges managed by the U.S. Embassy in Colombo and through International Military Education and Training (IMET) programs and regional democracy programs.

Objectives and Justification:

Through IMET training the United States is working with the Maldivian Government to bring more professionalism to its military as well as to promote the inclusion of human rights concerns as part of its training. The United States will promote greater participation of women in the political and economic life of the country, judicial reform, and freedom of religion and the press through public diplomacy programs, proposed regional democracy funds programs (see program page for description and funding request), and the Department's International Visitor's program. The Maldives will also be included in regional energy cooperation programs through the new South Asia Cooperation in Energy and the Environment Initiative (see program page for description and funding request) and USAID's South Asia Regional Initiative to promote clean energy technologies and clean energy resource development in the region.

NEPAL
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	6,410	7,000	8,250
DA	10,624	9,900	12,000
IMET	189	175	200

National Interests:

Nepal's progress in consolidating its young democratic institutions, achieving sustainable economic development and energy resource development supports the U.S. national interest of fostering democracy and prosperity around the globe, and contributes significantly to promoting regional security. Nepal also presents opportunities for the pursuit of important global U.S. interests, including preserving the environment, slowing population growth, resolving refugee problems, promoting market-oriented economic reforms, engaging South Asian military forces in international peacekeeping, combating international crime, eliminating child labor, and slowing the spread of infectious diseases. Protecting U.S. citizens and their interests abroad, and facilitating the legal entry of visiting foreign nationals, are also important national interests in our relations with Nepal.

Objectives and Justification:

In the face of severe poverty, Nepal continues to make progress in consolidating its democratic institutions and practices. In FY 2001, the South Asia Regional Democracy funds (see program page for description and funding request) will support continued efforts to strengthen Nepal's democratic institutions, including local government; promote government accountability; and promote the development of civil society through non-governmental organizations. Support for Nepali democracy contributes to stability and security in South Asia, and complements U.S.-Nepal cooperation on global issues, such as combating trafficking in women and children.

The women and children support funds (see program page for description and funding request) will also be used to fund bilateral and regional activities to combat trafficking in women and children, particularly in the areas of protection and prosecution, law enforcement cooperation, development of effective legislation against trafficking, data collection, extradition of offenders, and repatriation of victims. International Narcotics Control and Law Enforcement (INCLE) funds will be used to strengthen the Nepali police's "women's cells," which target crimes against women and children, and to increase training and awareness of trafficking issues throughout the law enforcement and legal community. In addition, funds will be used to enhance local women representatives' effective political participation.

Through the new South Asia Cooperation in Energy and the Environment Initiative the U.S. will promote regional cooperation in energy development and environmental protection in conjunction with USAID. This initiative will promote energy resource development, U.S. trade and investment in energy resources and environmental technologies, and the necessary regulatory reforms to build private sector participation and confidence in the energy market.

Attaining sustainable economic development is essential to Nepal's democratic consolidation. Development Assistance (DA) funds and Peace Corps programs will increase living standards for farmers by promoting sustainable production and sales of forest and high-value agricultural products. USAID assistance programs will also support women's empowerment by providing training in basic literacy and business skills, as well as access to savings and credit to start micro-enterprises. DA and Child Survival and Diseases (CSD) funds will also be used to focus on health and family planning needs, hydropower development, and strengthening democratic processes.

Nepal's continued participation in the International Military Education and Training (IMET) program enhances its ability to engage in international peacekeeping efforts. In FY 2001, Nepal will continue to be eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act.

PAKISTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	800	--	--
DA	100	--	--
INCLE	2,200	2,500	3,500

National Interests:

Developments in Pakistan during the past two years -- the May 1998 nuclear test, conflict with India over Kashmir in the summer of 1999, the October 1999 military coup, an increase in the threat from terrorist activity -- pose major challenges to key U.S. national interests. Since the coup, a top priority with Pakistan is the prompt restoration of a constitutional, civilian, and democratic government. While the United States cannot engage in business as usual with Pakistan until democracy is restored, we intend to remain engaged on issues of importance to the United States. Pakistan remains too important to ignore given the impact of its stability on its neighbors, the region and beyond. This is particularly relevant given the increasing terrorist threat from groups based in Pakistan and Afghanistan. U.S. engagement is directed at U.S. interests in a stable and democratic Pakistan at peace with its neighbors, moving positively on non-proliferation and counter-terrorism concerns, and with a healthy economy. Given the imposition of sanctions against Pakistan, the tools for achieving these objectives are largely limited to public and private diplomacy and an basic assistance program to Pakistani non-governmental organizations.

Objectives and Justification:

Pakistan's military coup came after a troubled eleven-year-long period of flawed democratic governments. While General Musharraf has pledged to establish a true democracy in Pakistan, he has been unwilling to state when he intends to return government to elected leaders. The United States will continue to urge Musharraf to make clear in a comprehensive fashion how he intends to restore democracy. Such a plan needs to be structured in a way that allows us to measure progress through milestones and through a firm time frame for accomplishing stated tasks. During the interim period before democracy is established, we will seek Pakistan's commitment to respect civil rights, freedom of the press and judicial independence. In FY 2001, the regional democracy funds (see program page for description and funding request) will support democratic and governance reform projects on terms consistent with U.S. law and in accordance with progress by the GOP on its program.

After the May 1998 nuclear tests, Pakistan and India became the focus of global nonproliferation concerns. In the summer of 1999, tensions between the two were exacerbated by armed conflict along the "Line of Control" in Kashmir and the downing of a Pakistani military plane close to the Indian border. The United States is actively engaged in efforts to reduce regional tensions through private diplomacy to help India and Pakistan resolve their disputes and dissuade them from embarking on a nuclear arms race. Public diplomacy programs are aimed at making clear the risks to Pakistan's national security and economic potential through unbridled nuclear and missile competition. In addition, the new regional stability funds (see program page for description and funding request), will promote cross-border confidence building measures between civil societies of India and Pakistan, including exchanges between academics, scientists, and trade associations in India and Pakistan.

We seek to address our concerns about international terrorism by groups based in Pakistan and Afghanistan by working with the GOP to ensure effective cooperation against international terrorists. Concerns about the ongoing civil war in Afghanistan will be met by assisting UN and other efforts to stimulate an Afghan peace process and by improving delivery of humanitarian assistance.

U.S. concern over narcotics production and trafficking in Pakistan are addressed through the annual drug certification process and by U.S.-Pakistani cooperation on counter-narcotics. We will urge Pakistan to continue to reduce opium poppy cultivation, increase narcotics-related arrests and convictions, and tighten money-laundering regulations. Opium production and heroin processing dropped dramatically (50 percent) and arrests were up in FY 1999, reflecting outstanding U.S.-Pakistani cooperation on counter-narcotics. International Narcotics Control and Law Enforcement (INCLE) funds will continue to support GOP efforts to reduce opium production.

The United States continues to be concerned about Pakistan's respect for worker's rights. Pakistan has begun to make progress on combating child labor in key export industries. The International Labor Organization (ILO) has implemented a program aimed at eliminating child laborers from the soccer ball industry and has negotiated another for hand-woven carpets -- two of the three industries targeted in an outstanding General System of Preferences (GSP) case. To the extent allowed by sanctions, the women and children support funds (see program page for description and funding request) will include programs that address child labor in various industries, in coordination with the ILO and other USG child labor initiatives.

The women and children support funds (see program page for description and funding request) will also promote women's social and economic advancement through providing access to legal assistance, promoting women's political participation and leadership training, and providing assistance to combat trafficking in women and children. Programs undertaken with these funds will also support women's literacy and skills training programs to enable women to become more economically self-sufficient.

SRI LANKA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	300	300	--
DA	3,590	3,250	3,000
IMET	230	225	245

National Interests:

Sri Lanka has a long tradition of democracy, was the first country in the region to liberalize its economy, and has impressive social indicators. The primary U.S. national interests in Sri Lanka are democracy-building, the improvement of human rights, and economic growth through liberalization and investment. These goals not only reflect our humanitarian interest, but also improved human rights performance would help facilitate an end to Sri Lanka's 17-year old war, thereby reducing the threat of terrorism and improving regional stability. An end to the war would also boost the economy, increasing opportunities for U.S. business. The United States maintains an International Broadcasting Bureau (IBB) transmitter in Sri Lanka. The United States and Sri Lanka share interests in environmental protection, the strengthening of Sri Lanka's democratic institutions, and the suppression of international terrorism.

Objectives and Justification:

Sri Lanka's 17-year old war has left an estimated 60,000 dead and a legacy of terrorism, human rights abuses, and an estimated 600,000 internally displaced people. The war is a destabilizing element in the region and has had a detrimental impact on Sri Lanka's economy. The current government has taken some steps to reduce human rights abuses. Nonetheless, serious abuses continue, especially by the police. While Sri Lanka has a long democratic tradition, recent provincial council elections and the December 21, 1999 presidential elections were marred by serious violence and fraud. Observers believe that the parliamentary elections required before August 2000 could be similarly marred. Press censorship and intimidation is a serious problem. The South Asia regional democracy funds (see program page for description and funding request), will support programs that will assist in strengthening Sri Lanka's judiciary and democratic institutions. These efforts, together with USAID development assistance programs, are key to our continued ability to strengthen human rights, peaceful conflict resolution and democracy in Sri Lanka. In addition, the women and children support funds (see program page for description and funding request) will address the problem of child prostitution and abusive use of children in domestic service.

U.S. military cooperation with Sri Lanka also enhances U.S. human rights goals. The International Military Education and Training (IMET) program will help improve the Sri Lankan military's professionalism and sensitivity to humanitarian law, which should help reduce civilian casualties and human rights abuses. IMET also seeks to contribute to the effectiveness of the Sri Lankan military, which is fighting against a designated terrorist organization. IMET compliments other military-military cooperation, including Joint Combined Exercise Training exercises. Sri Lanka will continue to be eligible in FY 2001 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act.

In FY 2001, Development Assistance (DA) funds will continue to support broad-based economic growth, agricultural development, and strengthening democracy. Technical assistance will be provided to the private sector to support industry clusters and improve their competitiveness.

The United States will continue anti-terrorism cooperation with Sri Lanka. The Liberation Tigers of Tamil Eelam (LTTE) is one of the most sophisticated and deadly terrorist organizations in the world and is likely to continue to pose a terrorist threat in FY 2001. In the past few years, the LTTE has committed numerous terrorist acts and recently attempted to assassinate Sri Lankan President Kumaratunga. Anti-Terrorism Assistance (ATA) training will assist the Sri Lankan government to counter this threat.

SOUTH ASIA REGIONAL STABILITY FUNDS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	1,000

National Interests:

Defusing the tension between India and Pakistan is critical to our national interest of avoiding possible nuclear conflict between these hostile neighbors. A continued arms race between India and Pakistan will disrupt the stability of the entire region. Critical to addressing this threat is resumption of high level talks between India and Pakistan addressing long-standing disputes, particularly the issue of Kashmir. President Clinton has expressed his personal interest in the Kashmir issue. In addition, improved relations between these two long-time adversaries could help reduce both countries' reliance on weapons of mass destruction and enable them to direct more of their limited resources toward social and economic development. The region is further destabilized by the continuing conflicts in Afghanistan and Sri Lanka. Preventing hostilities from totally devastating those countries will require active U.S. diplomatic leadership in the region, at the United Nations, and with U.S. allies. Promoting reconciliation, negotiation and cooperation between countries in this region and between opposition parties within these countries is a key U.S. foreign policy goal.

Objectives and Justification:

Economic Support Funds (ESF) for the regional stability program will be used to support ways to prevent deadly conflict in the region and promote greater regional cooperation both through cross-border confidence building measures (CBMs) and strengthening dialogue between political parties. Tensions between India and Pakistan threaten to engulf these two countries in a costly and destructive arms race. Recurrent border incidents between India and Bangladesh thwart these countries' willingness to engage in cooperative efforts to address common problems. Cross-border CBMs could promote a reduction in tensions, particularly between the civil societies of India and Pakistan and between Indian and Bangladeshi authorities, both local and national. These CBMs will include programs that link trade and business associations in India and Pakistan; a Sister Cities program linking policy makers and civic activities in certain Indian and Pakistani cities around an agenda of exchanges and successful reforms and best practices; the establishment of conflict resolution curricula in Indian and Pakistani universities, Internet training and links, and a host of academic, scientific, and good governance exchanges. ESF could also provide technical assistance to regional entities to promote regional cooperation. These types of programs will not only promote cooperation and build positive relationships between sectors of Indian and Pakistani

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society, but will serve as a means to solve cross-border problems such as trafficking in women and children, water management, and cooperation in the energy sector. Funds will also be used to encourage mutual understanding among different political parties. In addition, these funds will promote the peace process in Afghanistan. Efforts will include promoting cooperation among moderate Afghans, including the efforts by the former King to convene a grand council of Afghans to discuss a peaceful solution to the conflict.

SOUTH ASIA REGIONAL DEMOCRACY FUNDS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	2,750	8,000	5,000

National Interests:

The United States supports the consolidation and strengthening of democratic systems, respect for human rights, and the rule of law in South Asia, home to the largest democracy in the world, India. Democracies in South Asia face a host of threats including poverty coupled with the stress of mounting populations on poor social and educational systems, ineffective judiciaries, corruption, and sectarian and religious violence. Maintaining and strengthening the democratic form of government in this region is one of our most challenging and important of U.S. foreign policy objectives. In addition, restoring democracy to Pakistan after the October 1999 military coup is a top U.S. foreign policy objective. The United States has a vital interest in maintaining stability through democratic and representative governments in a region where nuclear weapons have entered center stage. Political unrest, accompanied by an erosion of democracy could close the door to western investment and handicap economic development so critical to improving the quality of life in the region.

Objectives and Justification:

While elections take place in most of South Asia and the institutions of democracy (i.e., parliamentary bodies, judiciaries, and executive agencies) exist, these institutions are often weak, ineffective and vulnerable to corruption. Regional democracy Economic Support Fund (ESF) programs are oriented to address needed democratic reforms in these institutions. In Bangladesh, where party politics often leads to immobilizing, countrywide strikes, programs will aim to develop a more mature and professional parliament by developing linkages between parliamentary committees and civil society, stimulating lobbying of parliament by NGOs, and promoting constructive dialogue between parties to decrease political confrontation. In Nepal, democracy programs will assist in promoting government accountability, reducing partisan tension and clarifying Members of Parliament (MP) roles and responsibilities. The United States is constrained by legislation from providing assistance directly to the Government of Pakistan. However, funds will be used to assist Pakistani non-governmental organizations, the media, and community-based organizations to promote greater accountability and transparency in government and to build a culture of democracy in Pakistan. In Sri Lanka, democracy programs will assist human rights and legal aid organizations in their efforts to protect and represent the victims of violent conflict as well as to strengthen governmental human rights institutions and facilitate judicial reform. In India, ESF will address inefficiency in the court system,

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which has resulted in long trial delays. Promoting alternative dispute resolution in the court system will help alleviate the backlog of cases pending in the civil and criminal courts. Introducing senior jurists to modern methods of case management and initiating a training program for judges and attorneys will also address this problem.

In addition, funding will go toward a limited number of election reform and monitoring efforts, including training programs for election officials and party polling agents as well as support for education programs for voters. Election rigging and violence around elections often threaten to disrupt the democratic process in the region. Programs that promote free and fair elections are crucial to legitimizing democratic transitions in power. Funds will also go toward programs that address public sector corruption and mismanagement as well as support to governments to establish strong, non-partisan civil service institutions.

SOUTH ASIA WOMEN AND CHILDREN SUPPORT FUNDS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	5,000

National Interests:

Integrating women's issues into the mainstream of U.S. foreign policy has been an objective of this Administration. Women's role in developing democracies, promoting peace and raising the standard of living in countries around the world has been growing. These funds will advance women's political and economic participation and increase their ability to contribute to the well-being of their communities.

As the Department's Human Rights Report documents, women and children in South Asia endure serious abuses and discrimination, including child labor, illiteracy, poor health care, and Afghan's women's subjection to the repressive policies of the Taliban. This past Human Rights Day, President Clinton stated that: "The Taliban must stop violating the rights of women, and respect the human rights of all people. And we must continue to work until the day when Afghanistan has a government that reflects the wisdom of its people."

This Administration is also actively combating the growing incidence of trafficking in women and children, a widespread problem in South Asia. There is increasing media and non-governmental organization (NGO) attention on the abuse of women in the region, from acid attacks on young women in Bangladesh, to honor killings in Pakistan. Most women do not have access to legal assistance, nor do they know what their rights are. Non-governmental organizations, private attorneys and government agencies in the region have started to address these problems.

Objectives and Justification:

Economic Support Funds (ESF) for the women and children support program will enable the United States to address serious human rights abuses against women and children in South Asia through both NGO and host government assistance. While it is difficult to assist women in Afghanistan since U.S. nationals and nationals from other countries are still prohibited from working in that country for safety reasons, funding will go toward innovative civil participation programs for women in Afghanistan, as well as human rights advocacy programs for Afghan women's NGOs both in Pakistan and Afghanistan.

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These efforts will bring more focus and resources to programs that enable women and girls to escape the vicious cycle of poverty and abusive work environments, including being trafficked from their homes for the purpose of prostitution and other forced labor. These programs will provide for training and educational opportunities to give women and girls the means to earn their own livelihood. The Bureau of South Asian Affairs's Regional Strategy to Combat Trafficking in Women and Children contains bilateral and regional programs to address this widespread human rights violation. These funds will enable the Bureau to begin to realize some objectives of this Strategy.

Women elected for the first time to local government bodies often do not feel confident to take leadership positions. These funds will promote women's political participation and leadership in South Asia through education and advocacy. In addition, programs will promote women's right to association and unionize and to improved working conditions.

ESF will also be used to address child labor through government-industry partnerships in the carpet industry in India as well as in other countries and industries. Child labor programs will be implemented in coordination with the International Labor Organization's International Program to Eliminate Child Labor.

REGIONAL COOPERATION IN ENERGY
AND THE ENVIRONMENT INITIATIVE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	--	4,000

National Interests:

Opening markets and improving the business climate is essential to improving the region's economic growth rate and increasing U.S. exports to and investment in South Asia. Meeting future energy needs is one of the greatest challenges India will face. Harnessing potentially lucrative natural gas and hydropower resources in Bangladesh and Nepal respectively could raise these countries out of poverty and foster greater regional cooperation through trade in energy. U.S. assistance in developing these energy resources will also open huge investment opportunities to U.S. companies, promote clean energy resources in the region, and promote regional stability through increased intra-regional trade in energy resources. Substituting "clean" gas and hydropower from India's neighbors for coal-fired power is a win-win for all countries involved, as well as for the global environment.

Objectives and Justification:

Economic Support Funds (ESF) will support programs that complement USAID's South Asia Regional Initiative (SARI) by focusing on expanding clean-energy programs, working with energy regulatory and planning bodies to maximize the use of clean fuels such as natural gas, and working with models to help predict and minimize the impact of industrial growth and greenhouse emissions. Energy programs and regional cooperation in this sector will be a key component of any Presidential and Secretarial travel to the region. ESF will be used to analyze and promote removal of constraints on trade, such as exports of gas from Bangladesh to India, hydropower from Nepal to India and hydropower from Bhutan to India. These analyses will focus on commercial, financial, regulatory, and legal constraints. This initiative will promote energy resource development, U.S. trade and investment in energy and environmental technologies, and the necessary regulatory reforms to build private sector participation and confidence in the energy market.

Funds will also go toward strengthening advocacy on environmental issues in the region in conjunction with the Environmental Hub in Kathmandu, including regional water management and monitoring programs and South Asia's conformance with U.S. sea turtle protection legislation.

UN OFFICE FOR THE COORDINATOR OF
HUMANITARIAN ASSISTANCE TO AFGHANISTAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	2,615	3,000	2,900

National Interests:

While ending the fighting among Afghan factions and bringing a political settlement to the conflict, including the establishment of a broad-based, representative government, is paramount, interim assistance to the Afghan people is essential to prevent starvation, the spread of disease, and total disruption of social services. Despite the USG position against the Taliban for harboring wanted terrorist, Usama bin Ladin, we continue to promote and contribute to UN and other international support for Afghan humanitarian needs and eventual reconstruction, including food and demining programs. Efforts to promote democracy, the peace process, and women's empowerment may be possible through the regional democracy funds, the women and children support funds, and the regional stability funds (see program pages for descriptions and funding requests).

Objectives and Justification:

International efforts to provide humanitarian assistance to Afghanistan are coordinated by the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA), created in 1988 to coordinate the work of UN agencies involved in Afghan relief and reconstruction thereby ensuring adequate, cost-effective, and non-duplicative UN programs in Afghanistan. Additional funding under the Nonproliferation, Anti-Terrorism, Demining, and Related (NADR) Programs account also supports humanitarian demining efforts, which seeks to ensure the safety of innocents and restore land to productive economic use. NADR funds are provided either directly to UNOCHA or through non-governmental organizations working in Afghanistan. U.S. support for UNOCHA activities demonstrates our commitment to a multilateral, humanitarian assistance strategy for Afghanistan. A successful strategy will involve continued allocation of USG resources at least at the current level until the war is concluded and security has been re-established in Afghanistan.

WESTERN HEMISPHERE

**Bureau of Western Hemisphere Affairs
Statement by
Acting Assistant Secretary Peter F. Romero**

In the Western Hemisphere, geography, migration, trade, travel and advances in technology have all combined to produce an unprecedented level of integration and interdependence. The result of this integration is that pressing regional issues -- consolidation of democracy, economic growth, narcotics trafficking and transnational crime, immigration and the protection of U.S. borders -- have become domestic U.S. issues. Simply put, more than any other region, developments in the Americas directly affect U.S. livelihoods on Main Street.

U.S. leadership has guided the Hemisphere toward an historic common agenda for the region which has enhanced our ability to protect U.S. citizens and U.S. interests in the region. The goal of the Bureau of Western Hemisphere Affairs (WHA) in the coming year is to maintain U.S. leadership while further building the capacity of our neighbors to strengthen their democracies, institutionalize economic reforms and address shared concerns.

That effort, however, will require sustained commitment and must resist complacency in the absence of dramatic crises. Despite past accomplishments, recent events indicate the potential for dangerous reversals. In Paraguay, Haiti, Venezuela, and Ecuador -- where the promises of democracy and liberalized economic policies have yet to produce tangible improvements in the lives of ordinary citizens -- cynicism, populist policy prescriptions and even violence threaten to interrupt the development of democratic traditions and institutions. Throughout the Hemisphere transnational threats such as financial instability, drugs, organized crime and lawlessness, natural disasters, environmental degradation, poverty, and illegal immigration pose risks, both to our neighbors and to U.S. national interests.

Colombia represents a special case. The implications for U.S. national security of Colombian narcotics production and its links to Colombia's civil conflict are immense. Eighty percent of the cocaine consumed in the U.S. and an increasing proportion of the heroin are produced in Colombia, and these percentages appear to be growing. A significant portion of these narcotics are cultivated and processed in areas controlled by the guerrillas, who derive the bulk of their support from this illicit traffic. President Clinton's recent decision to provide \$1.6 billion -- \$458 million in FY 2001 -- in counternarcotics assistance related to Colombia over the next two years is evidence of the importance we attach to addressing Colombia's drug crisis, to restoring the rule of law, and to resolving the civil conflict.

The Santiago Summit's Plan of Action provides the means to address many of the threats facing the hemisphere cooperatively, and our policy places a premium on developing multilateral relationships to confront these common challenges. The United

States will continue to support the reform process at the Organization of American States (OAS).

Consolidating Democracy

With the single exception of Cuba, the Western Hemisphere has universally accepted democratic governance as the best means to safeguard the basic rights and freedoms of all citizens. However, in many countries democratic roots are shallow. Criminal impunity, corruption, lack of transparency, weak civil societies and continuing income inequality have contributed to what some call "democratic transition fatigue." U.S. policy recognizes that our assistance in support of social and economic development in the region will not succeed in the long term if the Hemisphere's democracies are weak. In the Western Hemisphere, democracy is development. At their core, our democracy programs seek to help governments and institutions deliver the services, security and economic growth their citizens deserve.

In Haiti, for example, a U.S. role is vital in resolving the internal pressures that threaten its fledgling democracy. Only a continuing U.S. role in Colombia can provide the necessary support to that beleaguered democracy while assisting President Pastrana's peace initiative. U.S. assistance in support of human rights, military reform, judicial reform, counternarcotics and good governance underpin the peace process. Similarly we will continue to assist Guatemala implement its peace process with a view to creating a more inclusive and responsive democracy. Recent developments in Ecuador underline the challenges to democracy and the continued need for active U.S. engagement. In Cuba, our policy is to press the Cuban Government for democratic change coupled with assistance for the Cuban people designed to promote a peaceful transition to democracy by fostering the development of an independent civil society.

Throughout the region, we will continue to place special emphasis on "Vital Voices" and other initiatives that empower women and facilitate their participation in democratic development at local and national levels.

Economic Growth and Prosperity

During almost a decade (1991-98) of market-based reforms, Latin America's GDP grew three times faster than in the 1980's. Inflation is the lowest it has been in a half-century. Although 1999 is expected to show negative growth, the region's commitment to market policies is laying the basis for a strong recovery in 2000.

The Western Hemisphere is our largest and fastest growing export market. U.S. exports to the hemisphere reached \$297 billion in 1998, more than doubling since 1991. Foreign direct investment by U.S. corporations and citizens in the hemisphere now exceeds \$300 billion. During 1998, our exports to Mexico for the first time surpassed those to Japan. Our top two trading partners are now our NAFTA neighbors, Canada and Mexico. Celebrating five years (1994-98) of implementation, NAFTA has benefited all

three participants by expanding regional trade and investment, creating jobs, and establishing institutions to protect the environment and improve working conditions.

The U.S. continues to participate actively in negotiating the Free Trade Area of the Americas (FTAA), scheduled to be completed in 2005.

U.S. policies continue to encourage governments to develop their economies along free-market lines. Further, as agreed by the hemisphere's democratic leaders in the Summit of the Americas, the focus is now on building the institutions for self-sustaining and widely shared prosperity. In this regard, we will give special emphasis to the Caribbean region and seek assistance to promote economic growth and diversification, as well as trade facilitation, especially among smaller states affected by the loss of banana preferences. Promoting growth on both sides of the border is also the focus of our aid to Peru and Ecuador, which seeks to facilitate implementation of their peace agreements. Other measures, especially support for improved education and other longer-term investments in human capital, will help alleviate the region's historical patterns of vastly unequal income distribution, raising up those left behind during previous growth.

Transnational Crime and Drugs

The illegal drug trade remains a grave threat to our national health and well-being. We are, however, making progress. Andean cultivation is at the lowest levels in ten years. Colombian, Mexican and other trafficker networks have been disrupted and many of their leaders jailed. New maritime agreements that promote broad-based interdiction efforts have been signed. Given these encouraging trends, coupled with a dramatically improving counternarcotics relationship with the new Colombian administration and broadened anti-drug cooperation with Mexico, we are seeking to augment our counternarcotics efforts in the region to maintain this momentum.

As outlined in the National Drug Strategy, U.S. assistance to source and transit countries will continue to focus upon reducing drug production and trafficking by strengthening host nation law enforcement and judicial institutions. We will also work with governments to strengthen sentencing regimes, and to seize the traffickers ill-gotten assets. Continuing efforts to modernize extradition relationships are designed to leave criminals "no place to hide."

While our counternarcotics policy in the region seeks to attack all aspects of the drug trade, we will focus much of our assistance on the key producing countries in the Andes. Colombia, ravaged by narcotics trafficking and insurgency, will be central to our efforts to combat drug production and trafficking and will accordingly require significant assistance. We will also increase our efforts in Central America, working closely with our partners to ensure that drug traffickers cannot take advantage of the disruption caused by Hurricane Mitch to expand their operations in Central America and the western Caribbean. In the Caribbean we will focus upon enhancing interdiction capabilities, supporting regional cooperation and combating money laundering under the Bridgetown Plan of Action.

Implementation of the joint U.S./Mexico Bi-National Drug Strategy will highlight our counternarcotics program with Mexico.

Administration of Justice

As the Haitian case illustrates, support for judicial system reform is key to the consolidation of democracy in the region. The rule of law is the foundation of democracy. It is U.S. policy to promote the active involvement of all aspects of society in justice issues. We support everything from small community legal clinics to multi-ministry information systems. A continuing theme throughout the region is peoples' frustration at the ineffectiveness of traditional criminal courts. In response to the low conviction rates, most countries in the region are strengthening the role of the prosecutor and many are mandating oral trials with features similar to those found in the U.S. This has created a new of demand for technical assistance and support to criminal justice reform.

Interest throughout the region in all aspects of justice system performance is high. Other donors, in particular the Inter-American Development Bank and World Bank, have become major participants as well. The 1998 Summit of the Americas confirmed the shared political commitment of the heads of state to strengthen not only national justice systems but cooperation among governments in justice matters. At the Second Meeting of Ministers of Justice and Attorneys General in Lima in March, concrete steps were agreed upon to advance this agenda. We look forward specifically to the development of better mechanisms of cooperation in mutual legal assistance and will support the establishment of the already agreed upon regional center to facilitate information exchange among governments on matters of criminal justice.

Global Issues

Environmental issues are critical in Latin America and the Caribbean, a region that contains a treasure-house of tropical forests and biodiversity. These resources are threatened, but are attracting the attention of those interested in their sustainable use. The ascendancy of democratic governments and economic reform, and our excellent relations within the Hemisphere, give us the influence in the region to promote sustainable development. Through USAID programs, the United States will continue to address "green" issues --sustainable agriculture, management and conservation of natural forests and biodiversity. However, given the growing impact of pollution in the hemisphere, the United States is increasing its focus on so-called "brown" issues -- conservation, energy management and urban and industrial pollution. Assistance to governments in developing and implementing sound environmental regulations clearly will improve the quality of life throughout the Hemisphere.

Multilateral environmental negotiations have substantial implications for U.S. citizens. The United States is working to leverage the region's interest in greater trade and investment to encourage sound environmental policies. This effort supports the

Administration's goal of advancing the Free Trade Area for the Americas (FTAA) but not at the expense of environmental standards.

An unfortunate consequence to the close relationships within the hemisphere is the degree to which these have facilitated the spread of infectious diseases, especially HIV/AIDS. This concern reaches beyond health issues to political, economic, and labor implications for the United States. The intensification of a health pandemic threatens to undermine projects intended to foster key U.S. foreign policy goals and weakens the stability and functioning of democratic institutions in the region. In accordance with the Secretary's diplomatic initiative on emerging infectious diseases, we are engaging regional governments to enhance collaboration to detect, prevent and effectively control the spread of infectious diseases and to raise the level of political commitment to reduce the global ramifications of this pandemic.

ARGENTINA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	850	--	1,000
IMET	613	700	750

National Interests:

International security involvement, regional stability, and economic prosperity are the leading U.S. interests in Argentina. The Government of Argentina (GOA) has actively supported U.S. security goals by playing a leadership role in international peacekeeping. Argentina has also cooperated with the U.S. in counter-terrorism and counter-narcotics activities, now focused in the tri-border area with Brazil/Paraguay. We are assisting the GOA with judicial reform and anti-corruption programs. Since the open-market economic reforms of the early 1990s, U.S. exports to Argentina have increased seven-fold and direct investment ten-fold; opportunities exist for further expansion despite the current recession.

Objectives and Justification:

FMF funding enables Argentina's armed forces to improve their peacekeeping capacity through purchases of up-to-date communications and transport equipment, at a time of severe budget austerity. Argentina has also been Latin America's largest user of U.S. Excess Defense Articles (EDA). International Military Education and Training (IMET) courses increase Argentine inter-operability with U.S. and NATO forces, which bolsters its strong participation in worldwide peacekeeping activities. With 687 UN peacekeepers serving in Haiti, W. Sahara, Cyprus and the Balkans, Argentina ranks first in the Western Hemisphere. IMET also plays a key role in developing civilian experts who can administer the Argentine defense establishment effectively. The GOA has also been a leading recipient of Enhanced International Peacekeeping Capability (EIPC) funding (\$2.25 million in FY 1998-1999), with military personnel from other Latin American nations attending the GOA's peacekeeping training academy.

In the aftermath of the 1990s bombings in Buenos Aires that killed over one hundred people, our Anti-Terrorist Assistance programs (NADR) have brought Argentine officials to the United States for valuable counter-terrorism briefings and training. The tri-border area and Argentina's northern border with Bolivia are also trans-shipment routes for illegal drugs bound for the United States; regional International Narcotics Control and Law Enforcement (INCLE) funding provides police training for interdiction activities. In addition, the United States will continue to promote training and exchange programs with Argentine law enforcement and judicial authorities in support of GOA efforts to reduce international criminal activity.

THE BAHAMAS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	127	100	115
FMF	130	100	140
INCLE	1,000	1,000	1,200

National Interests:

Due to the proximity of The Bahamas to the United States, the U.S. has a strong interest in a stable and democratic Bahamas that will work closely with the U. S. on bilateral, regional, and multilateral issues. Principal U.S. interests in The Bahamas include stopping the transport of illicit drugs and alien smuggling, combating money laundering, and providing assistance to American residents and to the more than three million American tourists who visit annually.

Objectives and Justification:

Only 50 miles from the United States at its closest point, the Bahamas archipelago is a major trans-shipment point for illegal narcotics trafficking and illegal migration to the United States. After tourism, financial services is the biggest industry. For the sake of regional and U.S. security concerns, it is important that the Bahamian government be strong enough to combat the threat to its sovereignty and its banking industry represented by illegal drug trafficking, money-laundering, corruption, and other crimes. The Bahamas, the Turks and Caicos Islands, and the United States are partners in Operation Bahamas and Turks and Caicos (OPBAT) to combat illegal narcotics trafficking. In this operation, under the bilateral maritime agreement, Bahamian and Turks and Caicos police and U.S. Drug Enforcement Administration (DEA) personnel cooperate with U.S. Coast Guard and U.S. Army helicopter crews in missions against suspected drug smugglers.

The Bahamas is eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to promote interoperability and modernization of equipment. IMET and FMF funds are used to educate, train, and equip the Bahamian Police and Defence Forces to increase their effectiveness. U.S. military interaction includes Joint Combined Exercises and Training deployments, construction and humanitarian deployments, demand reduction campaigns of Military Information Specialist (MIST) teams, and disaster relief exercises.

International Narcotics Control and Law Enforcement (INCLE) funding supports Bahamian government efforts to carry out drug enforcement operations and investigations by providing operational support, training, and equipment. It also supports institution-

building efforts by the Bahamian government through its multi-year projects to reform the Bahamian courts by promoting procedural changes and more efficient management of drug cases and to computerize all Bahamian courts and install a court case management software system. The U.S. Embassy also works closely with Bahamian officials to support money-laundering efforts and to encourage the Bahamian government to act more effectively to seize drug traffickers' assets.

Almost three million U.S. citizens visit The Bahamas every year and approximately 8,000 reside there permanently. Consequently, the protection of American citizens is an important U.S. objective. U.S. officials in The Bahamas maintain close liaison with the Bahamian police, keep U.S. citizens informed of threats from crime and hurricanes, maintain registration and warden systems, and work with Bahamian officials to improve aviation safety. Another important U.S. objective is to work with Bahamian officials to deter migrant smuggling and to maintain international standards of treatment for migrants held in detention. Other important objectives include working with The Bahamas to eliminate all barriers to foreign investment and trade and participate fully in the Free Trade Area of the Americas and the World Trade Organization.

BELIZE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	100	100	200
IMET	175	250	275

National Interests:

The United States seeks to staunch the flow of illicit drugs through Belize and to make it a less attractive location for other criminal activity, such as money laundering, trafficking in stolen vehicles, and smuggling of artifacts and wildlife. Improving the administration of justice and making the police more effective will improve conditions for U.S. investors and traders and for the 100,000 U.S. citizens who visit Belize each year. The United States also has an interest in assisting Belize in protecting the 40 percent of its territory that consists of national parks and nature preserves, which shelter extensive rainforests and diverse wildlife, and its barrier coral reef, the second longest in the world.

Objectives and Justifications:

Because of its proximity to the United States and its position linking vulnerable Central American and Caribbean states, Belize is an ideal transit point for illicit drugs headed for the United States. Easy access to the United States and Mexico makes Belize an attractive staging area for other international crimes as well. It is a market for vehicles stolen in the United States, a potential site for money laundering, and an origin point for smuggled wildlife and artifacts. Although there is no International Narcotics Control and Law Enforcement (INCLE) funding specifically for Belize, programs for Belize are funded out of the Latin American Regional Budget. INCLE programs provide training and assistance to disable drug organizations, improve the collection and dissemination of counternarcotics intelligence, increase interdiction of illicit drugs, and improve Belize's ability to deter and detect money laundering. INCLE funding also seeks to improve the professionalism and performance of police and prosecutors, provide technical support for the judicial system, and reduce the flow of stolen vehicles from the United States to Belize.

The United States is the largest foreign investor in Belize and its biggest trading partner, and U.S. citizens account for a large percentage of Belize's tourists. Improvement of the police and the judicial system would make it safer and easier for American tourists and businesspersons.

International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs provide training and equipment to maintain a small but disciplined Belize

Defense Force (BDF). BDF troops served with those of the Caribbean community organization (CARICOM) Battalion during peacekeeping operations in Haiti, and participate in regional training exercises with U.S. and Caribbean forces. IMET training improves the professionalism and competence of the BDF, making it a more effective partner when operating with U.S. forces in joint exercises, and enabling it to protect Belize's national parks, nature preserves, and barrier reef. Belize will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). The provision of excess defense articles promotes interoperability and modernization of equipment.

BOLIVIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY2001 Request
DA	27,161	25,538	33,850
CSD	6,515	7,583	6,473
ESF (Regional)	--	--	3,000
INCLE	54,000	48,000	52,000
IMET	533	550	600
Plan Colombia ¹	--	14	4

National Interests:

The most urgent U.S. interest in Bolivia is to stop the illicit production of coca and the export of cocaine and other illicit products to the world market. The United States is encouraging Bolivia's transition to a free market economy as the most promising avenue to growth. U.S. firms have invested extensively in newly privatized industries and the United States seeks to increase imports to Bolivia. Bolivia's effective implementation of judicial reforms is critical to our efforts related to counternarcotics, investment, human rights and social stability. The preservation of Bolivia's biodiversity is vital to global environmental needs. Improving health conditions will alleviate the burden of poverty and decrease the pressure for emigration.

Objectives and Justification:

Bolivia, long considered one of the least democratic countries in the Andean region, has had an uninterrupted succession of elected governments since 1981. Market reforms and sound macroeconomic policies have resulted in steady growth, even as neighboring countries have struggled with recession. Although Bolivia is the world's third largest producer of illicit coca, the current government is on track to fulfill its commitment of eradicating all illicit coca by the time it leaves office in 2002. Yet Bolivia remains the poorest country in South America, and endemic corruption persists. Assistance efforts are aimed at consolidating these gains while combating the poverty and corruption that threaten them.

Development Assistance (DA) funds in the amount of \$33.850 million will promote economic development by underwriting microenterprise programs and technical assistance to small business groups and agricultural cooperatives; promote democracy by helping to train judges, prosecutors and others to implement judicial reforms; support sustainable

¹ For specific information regarding U.S. supplemental funding for Plan Colombia, see "Assistance to Plan Colombia" in Supplementals and Advanced Appropriations section.

management of renewable natural resources; stabilize population growth by encouraging increased use of family planning services; and support other health sector initiatives. Child Survival and Diseases (CSD) funds in the amount of \$6.473 million will support AIDS prevention and awareness, integrated health care, nutrition and vaccination programs for children, and decentralization of public health care services to the primary care level.

Economic Support Funds (ESF) in the amount of \$3 million will be used to strengthen civil society organizations and law schools, increasing the capacity of individuals to access the justice system, and consolidating democratic values and practices. Bolivia is also a recipient of funds from the International Criminal Investigative Training and Assistance Program (ICITAP) for support of police training and judicial system reforms.

International Narcotics Control and Law Enforcement (INCLE) funds in the amount of \$52 million will support coca eradication, narcotics law enforcement programs and alternative development projects.

International Military Education and Training (IMET) funds in the amount of \$600,000 will provide professional military education to key Bolivian military personnel, principally through attendance at U.S. military command and staff colleges. Bolivia has been designated to receive \$250,000 in FY 2000 under the Enhanced International Peacekeeping Capabilities Initiative (EIPC) to support its participation in United Nations peacekeeping operations.

BRAZIL
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	10,512	8,500	9,500
CSD	2,932	2,900	4,400
IMET	206	225	250
INCLE	1,200	1,500	2,000

National Interests:

Our overriding interest in Brazil is to promote U.S. economic prosperity. Steps toward achieving this goal include encouraging the further opening of Brazil's market to U.S. products, promoting U.S. exports, coordinating policies encouraging fiscal stability and structural reform, and supporting GOB policies leading to broad-based economic growth. Another key national interest is to enhance our national security by engaging Brazil in promoting regional stability and controlling weapons of mass destruction. Other national interests are averting environmental degradation by helping Brazil curtail the destruction of the Amazon rain forest and engaging Brazil as an active partner in global climate change, and enlisting Brazil's cooperation on law enforcement issues.

Objectives and Justification:

Due to its vast natural resources, including the majority of the critically important Amazon rain forest, Brazilian cooperation is key to a global environmental strategy. U.S. environmental assistance is aimed at reducing greenhouse gases associated with climate change and protecting biodiversity -- actions with a global impact. Development Assistance funds will support programs discouraging deforestation and promoting energy policies that mitigate the impact on climate change. Fire prevention in the Amazon is also a priority. USAID works with non-governmental organizations (NGOs), research institution partners, academic institutions, industry and government agencies to leverage our resources and to advance our environmental agenda.

Brazil's large population, location and widespread poverty make it a focal point for the spread of infectious disease. More than 50 percent of the AIDS cases reported in Latin America and the Caribbean are in Brazil. Brazil also has large numbers of street children, particularly in the Northeast. Child Survival and Diseases funds go to NGOs working to combat the sexual transmission of HIV/AIDS among women, adolescents and low-income groups and to improve the quality of life of at-risk children and youth. Funded activities include the promotion of children's rights and the provision of vocational training, education and health services.

Counternarcotics cooperation has become an increasingly important aspect of our bilateral relationship. Brazil is a major transit country for illicit drugs shipped to the United States and Europe. The GOB has also begun to address domestic drug consumption. United States counternarcotics assistance will be used to facilitate bilateral cooperative efforts to address narcotics use and trafficking in our countries through: (1) provision of equipment and training to improve the capability of domestic law enforcement agencies to combat trafficking; and (2) assisting drug education, awareness, and demand reduction programs.

In 1999, the Cardoso Administration established a Ministry of Defense (MOD), placing the military under civilian control for the first time in Brazilian history. Creation of the MOD provides an additional avenue for politico-military cooperation. The International Military Education and Training (IMET) program plays an important role in our military-to-military relationship -- through exchanges and visits -- in helping to overcome misunderstanding and suspicion within some elements of the Brazilian military regarding U.S. interests and intentions in South America.

CHILE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	478	450	500

National Interest:

U.S. national interests in Chile include enhancing economic prosperity through expanded bilateral economic and commercial relations, and the promotion of national security and democracy through an economically vibrant, democratically healthy Chile that supports U.S. policies across a range of important issues. Our national security is also served by increasing Chilean participation in international peacekeeping operations and by the increased interoperability of Chilean forces with U.S. and other peacekeeping forces.

Objectives and Justifications:

The \$500,000 in International Military Education and Training (IMET) funds will be used to bolster regional stability and democracy by enhancing the professionalism of the Chilean armed services, as well as their interoperability with U.S. forces -- a key element of effective Chilean participation in international peacekeeping operations and other regional exercises (such as RIMPAC 2000). Chile will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to promote inter-operability and modernization of equipment.

Chile is not a center for the production or transportation of illegal drugs, though the picture may be changing as producers begin to look to Chile as a source of precursor chemicals and as a country through which to ship drugs headed for the United States. and Europe. Chile's proximity to producer countries like Bolivia and Peru, its dynamic economy, and relatively well-developed banking system have combined to make it vulnerable to money laundering. International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional fund will be used to assist Chile in implementing effective money laundering and precursor chemical controls, and to enhance its own narcotics investigation, interdiction and demand reduction capabilities. In addition, INCLE funds will provide modest amounts of training and support to Chile's two main law enforcement institutions, the Carabineros and Investigations Police.

COLOMBIA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF (Regional)	3,300	4,000	4,000
IMET	917	900	1,040
INCLE	205,860	50,000	35,000
Plan Colombia ¹	--	769,000	229,000

National Interests:

The fight against illegal drugs remains the principal U.S. national interest in Colombia. Other vital issues that also support our counternarcotics campaign in Colombia include supporting Colombian democracy, improved protection of human rights, and promoting increased investment in Colombia to foster economic growth and development.

Objectives and Justification:

Colombia provides 80 percent of the cocaine and over one-third of the heroin consumed in the United States. The cultivation of coca in Colombia has doubled from 50,000 hectares (about 123,500 acres) in 1995 to an estimated 122,500 hectares (about 302,700 acres) in 1999. Although Colombian authorities have increased coca and opium poppy eradication (currently operating the world's largest such program), net coca cultivation has increased, especially in southern Colombia. In FY 1999, the State Department committed \$208.5 million in direct counternarcotics program assistance (including a \$173 million emergency supplemental from Congress).

Colombia's status as Latin America's oldest formal democracy has become increasingly vulnerable to the activity of guerrilla, paramilitary, and narcotics-trafficking groups, and to its own institutional shortcomings. Promotion of democratic and human rights norms is based on fundamental U.S. values and is intended to achieve greater political stability in the hemisphere. In Colombia, the U.S. has an extra interest in helping fortify democratic institutions, which are our indispensable allies in the fight against illegal drugs. Colombia is one of the four key countries the Secretary has identified that deserve high-level attention and significant resources. Economic Support Funds (ESF) are intended to support Colombian democracy by promoting civic values; by encouraging closer GOC attention to human rights; and by facilitating peaceful contacts between the GOC and insurgent groups. ESF funds for Colombia amounted to \$3.3 million and \$4 million in FY 1999 and FY 2000 respectively; \$4 million in ESF is requested for Colombia in FY 2001.

¹ For specific information regarding U.S. supplemental funding for Plan Colombia see "Assistance to Plan Colombia" in the "FY 2000 Supplementals and Advance Appropriations" section.

The overall objectives of the IMET program is to further the goal of regional stability through effective, mutually beneficial military-to-military relations which culminate in increased understanding and defense cooperation between the U.S. and foreign countries.

IMET assistance provides training for the Colombian military, including a strong emphasis on human rights. The United States programmed \$917,000 and \$900,000 in IMET funds in Colombia in FY 1999 and FY 2000 respectively. The IMET program for FY 2001 is requested at a level of \$1.04 million.

Colombia's post-1990 economic liberalization opened new horizons for U.S. trade and investment. Expansion of U.S. exports to Colombia, including investment-led exports, means more and better-paid U.S. jobs at home. Colombia historically has been a top Latin American export market for U.S. business. Bilateral relations between the U.S. and Colombia have improved under President Pastrana, including the first full certification since 1995 of Colombia's anti-drug cooperation and a restoration of Colombia's access to the Export-Import (EXIM) Bank, Overseas Private Investment Corporation (OPIC), and Trade and Development Agency (TDA) programs. The United States is seeking to increase the current percentage of the U.S. share of Colombia's import market. The embassy acts as an advocate of American business, encourages increased U.S. investment, promotes U.S. participation in privatization and works with international development banks to provide financing for export sales, market development activities, and investment projects. The United States is working further to open the Colombian market for U.S. trade and direct investment and to persuade Colombia to achieve full compliance with and enforcement of international trade commitments and strengthened intellectual property rights legislation.

COSTA RICA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	240	200	200
CACEDRF	9,000	--	--

National Interests:

Costa Rica remains among the most stable nations in our hemisphere. Exerting international influence in greater proportion than the country's size would suggest, the GOCR has for decades proven itself a strong ally in promoting economic development, integration, and regional peace and stability. More recently, Costa Rica has become a staunch U.S. partner in the fight against international crime, greatly expanding and complementing our law enforcement efforts in the region. Our primary national interests in Costa Rica continue to be the promotion of trade and a vibrant, diverse economy; increased counternarcotics cooperation; and support for sustainable development and sound environmental management -- another area in which Costa Rica has been a regional leader.

Objectives and Justification:

As a relatively prosperous nation with a strong, diverse economy, Costa Rica benefits from fewer direct U.S. aid programs than most of its regional neighbors. Nevertheless, because of its peaceful history and its democratic traditions, the assistance we provide to Costa Rica is a sound investment. Although Costa Rica maintains no traditional standing army, our small International Military Education and Training (IMET) program is vital to promoting the U.S. goal of ensuring peace and regional security. Within Costa Rica, IMET training serves to further professionalize law enforcement officers and coast guard personnel. Likewise, as the GOCR assumes an increasingly sophisticated counternarcotics role, IMET training provides access to modern, state-of-the-art law enforcement training.

Costa Rica receives no direct, bilateral U.S. International Narcotics Control and Law Enforcement (INCLE) funds. Nevertheless, the GOCR has come to recognize the threat it faces from narcotrafficking and other transborder crime. The GOCR has taken a leadership role within the region and has quickly become one of our most important counternarcotics allies in the region. INCLE regional funds support Costa Rica's expanding programs, which serve to amplify and reinforce U.S. own hemispheric law enforcement efforts. These funds finance a variety of crucial initiatives aimed at strengthening local law enforcement officials' capacity and at giving them the tools to do their job. In 1999, Costa Rica became the first country in Central America to sign a

Bilateral Maritime Counternarcotics Agreement with the United States, and INCLE investments continue to pay strong dividends.

Finally, Costa Rica escaped much of the direct impact of Hurricane Mitch, which struck Central America in October 1998. Nevertheless, fallout from the hurricane, which devastated Honduras and Nicaragua, affected Costa Rica in the form of increased illegal immigration and collateral environmental damage. One of the overriding U.S. national interests in Central America is to assist in post-Hurricane reconstruction on a region-wide basis, and we are using Central America and Caribbean Disaster Recovery (CACEDRF) funds in Costa Rica toward that end. U.S.-funded non-governmental organizations (NGOs) and private voluntary organizations (PVOs) will work with the Costa Rican Ministry of Education to develop programs which include construction, teacher training and other projects to assist hurricane-affected migrant children and to reduce adult illiteracy within the migrant population. We will also provide funds to improve health care facilities and for disease surveillance. Finally, Central American and Caribbean Emergency Disaster Relief Fund (CACEDRF) moneys will assist in developing a major disaster prediction and warning system, and in providing for improved urban planning and training in the housing sector.

CUBA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	3,500	3,500	5,000

National Interests:

The United States national interests in Cuba are fostering democracy and respect for human rights; protecting American citizens and controlling U.S. borders by ensuring safe, legal and orderly migration from Cuba.

Objectives and Justification:

In FY 2000, \$3.5 million in public diplomacy efforts promote democratization, respect for human rights, and development of a free market economy in Cuba, as well as protecting United States citizens and helping control U.S. borders. In FY 2001, \$5 million in Economic Support Funds (ESF) will continue work in those areas. A breakdown of order in a post-Castro Cuba could threaten the United States with massive, uncontrolled illegal immigration, leaving us with difficult options to control U.S. borders. Our primary focus is to determine the views of Cubans and make them more receptive to reforming an inherently unstable system that remains dependent on a single person, Fidel Castro.

The use of public diplomacy to increase information about U.S. policies and the success of market economies around the world is geared to stimulate a desire for a democratic political system and a free market economy.

Our support for democracy efforts serves the U.S. interest in orderly migration and regional stability. Eventual progress by the Cuban regime toward preparing for an orderly and peaceful transition to democracy and a market economic system would reduce substantially the pressures for illegal migration to the United States. In support of democracy and civil society, Economic Support Funds provide grants to U.S. universities and non-governmental organizations (NGOs) to provide a voice to Cuba's independent journalists, build solidarity with Cuba's human rights activists, help develop independent Cuban NGOs, provide direct outreach to the Cuban people and assist in planning for a future assistance to a transition government in Cuba.

DOMINICAN REPUBLIC
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	5,998	7,200	9,786
CSD	9,085	2,900	4,649
ESF	2,300	3,000	4,000
IMET	493	450	450
FMF	370	400	650

National Interests:

The principal U.S. interests in the Dominican Republic are strengthening democracy, protecting the interests of American citizens in that country while deterring illegal immigration, fighting international crime and drug trafficking, and promoting U.S. exports.

Objectives and Justification:

The U.S. will use Development Assistance (DA) and Economic Support Funds (ESF) to strengthen democratic institutions in the Dominican Republic (DR) through projects that will strengthen the capacity of Dominican institutions to conduct free, fair and credible national elections by providing technical assistance prior to election day and working with non-governmental organizations to organize volunteer observers and poll watchers to participate in the electoral process, promote the increased participation of women in that electoral process and in monitoring the human rights climate.

These accounts will be used to promote Dominican compliance with international obligations to open its economy to free trade in goods and services and to strengthen the administration of justice. USAID's justice sector reform program is key to U.S. interests in the DR. Technical assistance and training will be provided: (1) to support improvement in the administration of courts and prosecutors offices in the National District; (2) to support prosecutors in criminal case management and specialized criminal case prosecution; (3) to support the organizational strengthening of the Inspector of Tribunals and the Public Ministry's Anti-Corruption Unit; (4) to support civil society advocacy for justice reform through training and expanded pilot court programs; and (5) to support the strengthening of the Public Defender system.

International Military Education and Training (IMET) funds and International Criminal Investigative Training Assistance Program (ICITAP) funding will be used for professional training programs designed to increase awareness on the part of the Dominican security forces of their role in and responsibility for ensuring that human rights are protected while strengthening the rule of law.

In addition to promoting democracy, DA and Child Survival and Disease (CSD) funds will help address the causes poverty – especially in rural areas -- and contribute to building a more competitive and equitable society. Attaining this goal will reduce incentives for illegal immigration and Dominican participation in drug trafficking and other international criminal activities, while making the Dominican Republic a more attractive environment for American tourists and investors.

EASTERN CARIBBEAN
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	1,300	1,300	1,550
IMET	444	500	560
ESF (WHRDF)	700	7,000	7,000
DA	800	540	--
CACEDRF	3,000	--	--

National Interests:

The Caribbean has been aptly described as the United States' "third border." The seven countries of the Eastern Caribbean -- Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines -- are the last line of defense for the U.S. against narcotics trafficking, alien smuggling, and other transnational criminal activity directed against the U.S. and its gateways of Puerto Rico and the Virgin Islands. U.S. support for the region will offer expanded markets for U.S. goods, safe destinations for American tourists and investment, and less fertile ground for drug traffickers, money launderers, and other international criminal elements. It is in the interests of the U.S. to promote Caribbean regional security and economic prosperity because the reverse -- instability and economic malaise in the Caribbean -- impacts directly on the level of narcotics trafficking and illegal immigration to the U.S.

Objectives and Justification:

Instability in the Caribbean inevitably affects the United States. In recent times it has necessitated the involvement of U.S. military forces in Haiti and Grenada. A major goal of the U.S. is to continue strengthening the Caribbean Regional Security System (RSS) and the ability of regional national security forces to deal with the threats posed by drug trafficking, financial crime, illegal trafficking in arms, alien smuggling, natural disasters, and social or political unrest. Continued Foreign Military Financing (FMF) and International Military Education and Training (IMET) funding, military training, and joint exercises with the RSS will make it an effective partner in maintaining stability and increase its capacity to respond to drug trafficking and other challenges.

Prosperous and diversified economies form a bulwark against political instability, social unrest, and the threat posed by international crime. The Eastern Caribbean countries have primarily one competitive industry - tourism - and uncompetitive manufacturing and agricultural sectors that provide employment at high economic cost. All the island nations suffer from high chronic unemployment, which leads to illegal immigration to the U.S. and local vulnerability to crime. To effect change in the region

and promote diversification in the regional economies, USAID has adopted a regional strategy to utilize Economic Support Funds (ESF). The overall goals of the U.S. are to open Caribbean markets to U.S. exports, reduce regional tariffs and non-tariff barriers, and encourage micro-enterprise development through education and training programs and by developing micro-enterprise lending capabilities within local banks. USAID's strategy seeks to focus Caribbean leaders on the need to reorient economic policies and to provide technical assistance and training to advance public policy reform in areas which relate to economic diversification.

Regional stability and economic prosperity are essential elements in the Eastern Caribbean's attraction as a tourist destination for Americans and the presence of significant numbers of American citizen residents. The sheer number of Americans residing, traveling and studying in the area has linked the Eastern Caribbean closely to the U.S., and the magnitude of the American citizen presence makes it even more important to encourage regional law enforcement, judicial institutions and economic development. The United States in turn has become a preferred destination of Eastern Caribbean citizens for tourism, work and education, and the degree of regional stability and prosperity affects the nature of this movement.

ECUADOR
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	1,200	1,200	2,200
ESF (Regional)	1,200	1,500	6,000
DA	11,755	11,750	8,096
CSD	1,950	550	--
NADR	1,000	1,000	1,200
IMET	569	500	550
Plan Colombia ¹	--	5	4

National Interests:

The U.S. interests in Ecuador include the strengthening of democratic institutions, stabilization and development of the economy, interdicting and disrupting narcotics production and trafficking, promoting human rights, reducing poverty, encouraging sound environmental policies and sustaining growth. The U.S. actively seeks to preserve democracy and its processes, despite Ecuador's economic and financial shortcomings which have led to the destabilization of democratic institutions.

Objectives and Justification:

Ecuador is a firm partner in the war against drugs. The United States, through the International Narcotics Control and Law Enforcement (INCLE) program, works actively with GOE authorities to combat drug transit, shipment of precursor chemicals, and money laundering. GOE authorities have remained strongly motivated and effective, but drug traffickers are increasing their activity in Ecuador. In addition, a Joint Information Coordinating Center in Guayaquil is currently being established to combat illegal drugs. In FY 2001, \$2.2 million in INCLE funds will provide resources to bolster the professionalism and institutional capacity of the national police in their fight against trafficking.

In October 1998, Ecuador and Peru ended their 150-year old border dispute, which had led to war twice in the last 20 years. The United States is assisting in demarcating and demining the formerly disputed area through the use of Nonproliferation, Anti-terrorism, Demining and Related programs (NADR). An additional \$1.2 million in FY 2001 is requested to continue the demining program.

¹ For specific information regarding U.S. supplemental funding for Plan Colombia see "Assistance to Plan Colombia" in the "FY 200 Supplementals and Advanced Appropriations" section.

In the long-term, the United States will help implement the peace by contributing Economic Support Funds (ESF) to help implement the border integration portion of the peace settlement. The United States is helping to solidify regional stability by furthering economic development and integration between Peru and Ecuador and stimulating the regional economy.

Ecuador's failure to undertake far-reaching economic reform has depressed economic growth to the point that, in 1999, Ecuador experienced economic contraction of approximately 7 percent. Ecuador is a poor country. Part of the FY 2001 Developmental Assistance (DA) funds are used to encourage sound macroeconomic policies that sustain economic growth. In addition, DA funds are used in curbing Ecuador's population growth rate, the highest in South America, through family planning assistance.

Ecuador enjoys the highest biodiversity per hectare of any South American country. DA programs promote sustainable use and responsible stewardship of Ecuador's unique biodiversity. The United States takes special interest in ensuring the protection of the Galapagos Islands, a UNESCO World Heritage Site.

In 1979, Ecuador led the Latin American shift from military to elected civilian rule, but the country's democratic institutions remain weak. In order to strengthen democratic institutions and military professionalism, the United States provides International Military Educational and Training (IMET) assistance. In FY 2001, \$550,000 in IMET funds will provide military and civilian defense training that reinforces the principles of civilian rule. In addition, portions of DA, IMET, and ESF funds will go towards programs that focus on improving judicial integrity and good governance.

EL SALVADOR
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	11,378	10,645	10,138
DA	20,050	19,358	23,927
ESF (Regional)	2,000	1,500	1,500
IMET	491	500	525
CACEDRF	23,050	--	--

National Interests:

The principal United States interests in El Salvador are supporting democracy, fighting international crime and illegal drugs, encouraging economic development, protecting our borders by deterring illegal immigration, and promoting U.S. exports. The benefits of this policy are internal and regional stability, fewer criminal threats to our borders, reduced illegal immigration, and increased trade.

Objectives and Justification:

The United States will use Development Assistance (DA) and Economic Support Funds (ESF) to strengthen democratic institutions in El Salvador through projects that: improve municipal government by improving revenue collection and management and helping local officials be more responsive to constituents; bolster the capabilities of the legislative assembly and executive branch with support for legislative analysis; broaden political participation through public fora on important issues; and promote judicial reform by training judges and prosecutors and helping implement ambitious new legal codes.

Because widespread violent crime represents the greatest threat to Salvadoran democracy and stability, emphasis will be placed on the use of ESF funds by the International Criminal Investigative Training Assistance Program (ICITAP) program to improve police capabilities and professionalism. Programs will focus on basic police skills, advanced investigation techniques, and management.

Programs funded by International Narcotic Control and Law Enforcement (INCLE) funds will provide police training and technical support to combat narcotics trafficking and money laundering. Broad-based economic development in El Salvador will not only improve prospects for U.S. exports but help reduce the pressures driving illegal immigration.

Development Assistance (DA) programs will encourage sustainable economic development and raise incomes, especially among the rural poor, by supporting microcredit programs, improved rural education, infrastructure improvements, and

intelligent land management. The United States is working closely with El Salvador in its post-Hurricane Mitch reconstruction activities, mainly on economic recovery, disaster mitigation, and watershed management. Also in support of economic development and to discourage illegal immigration, Child Survival and Diseases (CSD) funds will be targeted at rural areas and used to improve access to potable water as well as reducing reproductive health problems through improved medical care. Preventative health programs will help lower high infant and birth mortality rates. In direct support of open markets, U.S. exports, and global economic growth, ESF will be used to provide technical assistance in encouraging appropriate financial system oversight in El Salvador.

International Military Education and Training (IMET) funds will be used for professional training programs that will sustain the dramatic improvement in civil-military relations and consequent improvement in the democratic climate and regional stability seen in recent years.

GUATEMALA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	25,000	20,000	20,000
DA	16,400	13,150	20,330
CSD	11,135	7,810	7,810
IMET	253	225	250
INCLE	3,000	3,000	3,000
CACEDRF	25,000	--	--

National Interests:

Promotion of a peaceful, stable, democratic, and prosperous Guatemala -- the most populous country with the largest economy in Central America -- serves U.S. national interests. Guatemala is beginning its fourth year of implementing the peace accords that ended 36 years of internal conflict. The new government has stated its commitment to peace implementation, strengthening democracy, and upholding human rights. U.S. support for these objectives, combined with assistance for programs to strengthen the rule of law and promote economic prosperity in Guatemala, will enhance stability. This will improve U.S. ability to combat international criminal activities, such as narcotics trafficking and illegal immigration, that have a direct impact on U.S. national security.

As Guatemala's key trade partner, the United States also has an important interest in encouraging the government to maintain an open trade system and to institute reforms to promote a healthy investment climate, including protection of intellectual property rights. This will help attract profitable U.S. investment; a sound economy also will provide a market for U.S. exports. Protecting and assisting the considerable number of resident and tourist American citizens in Guatemala is another important national interest, and is supported by U.S. assistance to improve Guatemalan law enforcement and administration of justice programs.

Objectives and Justifications:

Support for peace implementation is a cornerstone of current U.S. policy towards Guatemala. Consolidation of peace will create positive socio-economic changes that will help maintain stability, foster greater political legitimacy, and promote broad-based economic growth. FY 2001 Economic Support Funds (ESF), Development Assistance (DA) and Child Survival and Diseases (CSD) funds will help support the GoG's attempts to reinvigorate the peace process by promoting national reconciliation, human capacity development, productive activities, and modernization of the state (e.g., justice system, tax administration, congress, local governments). The funds will target support for

democratic development programs, improved access and quality of education services, improved health for rural women and children, increased rural incomes and food security, and sustainable natural resource development.

DA and ESF funds also will leverage our ability to encourage the government to maintain open trade ties and to make the necessary structural reforms to encourage profitable U.S. investment. International Military Education and Training (IMET) funds will support the ongoing transition to civilian control of the armed forces and promote further military professionalization, both key components of peace implementation. Under the Expanded IMET (E-IMET) program, these funds will provide courses to military officers and civilians that promote civilian control of the military, instill understanding of and respect for human rights, improve the military justice system, and enhance management of defense resources. Guatemala also will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to assist the armed forces in promoting the peace process as well as to enhance interoperability.

Guatemala's strategic location makes it a significant transit point for narcotics flows destined for the United States. FY 2001 International Narcotics Control and Law Enforcement funds (INCLE) will support U.S.-Guatemalan counternarcotics cooperation, and DA funds will strengthen the country's law enforcement and administration of justice capacity through ICITAP programs. Enhanced administration of justice also will help the government enforce respect for intellectual property, worker, and other human rights.

INCLE funds will improve counternarcotics and law enforcement capabilities by providing training and equipment for an expanded Department of Anti-Drug Operations that is responsible for interdiction and eradication, assisting in modernizing the judiciary, and supporting updated anti-drug and money laundering legislation.

INCLE funds also will expand the activities of narcotics prosecutors and the new narcotics investigation squad, continue information coordination operations, enhance public awareness of the damage inflicted by drug abuse and trafficking, and complete the establishment of port security projects. Such measures will help reduce the flow of cocaine and other illegal drugs to the United States, as well as deter other criminal activity. Additionally, improved law enforcement and administration of justice will contribute to protection of American citizens in Guatemala from criminal threats and will create a climate conducive to building democratic institutions.

GUYANA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	2,300	3,200	4,500
CSD	--	200	500
IMET	216	175	195
FMF	100	100	125

National Interests:

U.S. national interests are served by strengthening democratic institutions in Guyana to promote internal stability. U.S. national interests in developing markets for exports and encouraging U.S. investment in Guyana are promoted by supporting economic reforms and broad-based economic growth in Guyana. As Guyana is increasingly a transit country for narcotics, U.S. interests are also served by assisting Guyana in strengthening its counternarcotics programs.

Objectives and Justification:

The United States continues efforts to bolster democratic institutions in Guyana that were threatened by political and racial unrest following the December 1997 elections. Divisive rhetoric from the opposition party continued in 1999. There was also a two-month, occasionally violent public sector workers' strike. USAID's Development Assistance (DA) programs focus on strengthening democratic institutions and processes. In FY 2001 DA funds will be used to support constitutional reform efforts, strengthen civil society, encourage the growing participation of women in government, and build sustained institutional capacity to conduct free and fair elections. Assistance to a permanent Elections Commission also continues in the lead up to national elections scheduled for early in 2001.

Despite the best efforts of the military leadership, the Guyana Defense Force is poorly trained and inadequately funded limiting its inter-operability with the U.S. and the Caribbean Community organization (CARICOM). International Military Education and Training (IMET) assistance programs support efforts to further the professionalism of the military and strengthen regional stability. Guyana will be eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis. EDA will promote inter-operability and modernization of equipment.

Guyana's political stability is closely linked to its economic development. The economy experienced a downturn in 1998, posting a negative growth rate of almost two percent for the first time since turning away from the socialist model in 1989. Growth in

1999 was approximately two percent with inflation at almost eight percent. Guyana is one of the poorest countries in the hemisphere with an annual per capita income of \$800. In 1999 Guyana qualified for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative and is slowly undertaking reforms mandated by international financial institutions. DA funds provide support to expand economic opportunities for the rural and urban poor. These programs also strengthen the GOG's capacity to execute sound macro-economic programs. Finally, DA programs strengthen the ability of private sector organizations to influence public policy. The Embassy actively works in promoting privatization of GOG enterprises and American investment in Guyana. While markets and investment opportunities are limited, the slow opening of Guyanese markets will create small niches for U.S. exports. USAID also supports an HIV/AIDS awareness and prevention program in Guyana.

Guyana is increasingly a transit point for narcotics destined for the United States and Europe. A small USG narcotics control program is funded through the Bureau of International Narcotics Control and Law Enforcement's (INCLE) regional funds. The program's emphasis is on training to aid Guyana's underequipped and inexperienced counternarcotics agencies. The Embassy is assisting the GOG in drafting counternarcotics legislation and has pressed for the passage of money laundering, asset forfeiture, and other modern anti-crime statutes. The Mission is also pressing the GOG regarding alien smuggling. DA programs to strengthen the rule of law and increase the effectiveness of the judicial system reinforce other law enforcement programs.

HAITI
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	300	300	450
PKO	3,531	6,750	4,000
ESF	70,000	60,000	50,000
IMET	160	275	300

National Interests:

The program directly supports U.S. national interests in Haiti by promoting democratic and economic development, strengthening government capabilities, and reducing poverty. These activities will ameliorate the conditions that contribute to illegal emigration to the United States and strengthen Haiti's capabilities to stop the use of its territory for shipping illegal narcotics to the United States. The program furthers the substantial U.S. efforts since the 1994 intervention to end definitively Haiti's long history of repressive rule.

Objectives and Justification:

U.S. engagement in Haiti is transitioning from the crisis posture of the early-mid 1990's to a more normal and long-term development approach aimed at building the foundation for poverty alleviation in the context of an evolving inclusive democracy. The approach seeks to ameliorate the worst effects of poverty: high fertility, poor education, malnutrition, and environmental degradation. It also seeks to strengthen Haiti's still vulnerable democratic infrastructure by emphasizing activities supportive of the rule of law, good governance, professional policing, and the development of local government and civil society. Enhancing these U.S. bilateral efforts, the United Nation's new, International Civilian Mission for Support to Haiti (MICAH), supported by Peacekeeping Operations funds (PKO), will provide complimentary technical assistance in the areas of police professionalization, the administration of justice and human rights.

Haiti is a complex development challenge, with a history of political instability and repression, widespread poverty, illiteracy, and weak government institutions. As the World Bank's Study on Haitian Poverty indicates, 65 percent of Haiti's people live in rural areas and two -- thirds of them live below the absolute poverty line -- i.e. unable to meet minimum daily caloric requirements. A significant segment of Haiti's population lives at a level of economic vulnerability seen only in war-torn countries. Economic Support Fund assistance (ESF) will be targeted to programs generating sustainable increased income for the poor, improved human capacity, encouraging healthier families of desired size, and slowing environmental degradation, particularly in rural areas.

Haiti's progress toward institutionalizing the democratic goals set forth in the 1987 Haitian Constitution remains incomplete. The military was disbanded and replaced by a completely new civilian police force. Civil society is increasingly active and vocal over public priorities and concerns, and is putting increased pressure on the government to "transform the state" through decentralization. Although there is a fledging democratic framework in Haiti, the process of institutionalizing good governance remains tenuous and in need of continued outside support. ESF in FY 2001 will be used to build on prior year support to civil society organizations to encourage their continued active participation in political processes and decision making by the non-governmental sector of Haitian society.

ESF will also be used for the U.S. Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP), which supports the Haitian National Police (HNP) through training and technical assistance programs. Support to the HNP and in particular its Coast Guard is also sought through \$300,000 in International Military Education and Training (IMET) funds and \$450,000 in Foreign Military Financing (FMF) funds. Most of this assistance will be devoted to enhancing counternarcotics capabilities.

HONDURAS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	17,545	12,633	19,326
CSD	22,840	7,400	8,440
IMET	560	500	525
CACEDRF	291,000	--	--

National Interests:

The devastation of Hurricane Mitch in late 1998 was so severe in Honduras that it threatened the country's recent economic and social gains. Only a massive infusion of U.S. and international assistance prevented widespread starvation and disease as a result of the hurricane's damages. The United States continues to lead an international effort to rebuild Honduras and to address some of the chronic problems that plague the country. These include weak democratic institutions, limited modern infrastructure, weak social, public security and judicial systems, chronic housing shortages and slow economic reforms. Addressing these problems supports U.S. national interests by providing market opportunities for U.S. businesses, promoting employment (and thereby discouraging illegal immigration), strengthening democratic institutions and social systems, providing greater legal protection and security for U.S. citizens and firms, deterring narcotics trafficking and other criminal activity and ensuring regional stability.

Objectives and Justification:

The primary objective of U.S. assistance to Honduras is to ensure a continuation of the social and economic reforms that were in progress when Hurricane Mitch devastated the country in late October 1998. To date, President Flores, with substantial assistance from the United States and other donors, has followed through on his pledge to rebuild a better Honduras than that which existed before the hurricane. In addition to significant progress on infrastructure repairs and re-establishing basic services such as water, sanitation and health care to many communities, President Flores has continued with the country's democratic and economic reforms. In January 1999, for instance, the military was placed under the control of a civilian Minister of Defense and, on the economic front, privatization of the state-owned telephone company appears to be moving forward.

Still, the reconstruction process is far from complete and it faces serious obstacles. There are still thousands of families dislocated by the hurricane that are without permanent shelter, many of the roads and bridges have reopened but with only temporary repairs, the agricultural sector is still recovering and environmental damage to the watersheds and riverbeds has not been addressed. The institutional capacity of Honduran ministries may prove to be a serious obstacle to the rapid completion of reconstruction activities. At the

same time, there must be adequate safeguards to prevent corruption in the disbursement of international reconstruction assistance.

The Central American and Caribbean Disaster Recovery Fund (CACEDRF) programs approved in FY 1999 are helping Honduras overcome these obstacles and implement a broad range of reconstruction activities. In FY 2001, U.S. activities to support continued democratic and economic reforms, in coordination with hurricane reconstruction activities, include Development Assistance funding to target economic reactivation, public health, environmental management, disaster mitigation and accountability. In addition, Child Survival and Diseases funding will help improve access of rural women and children to basic education and health care. International Military Education and Training (IMET) funding will help consolidate civilian control of the military through training programs and participation in regional military exchanges/programs.

JAMAICA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF (Regional)	--	1,200	1,500
FMF	475	475	585
IMET	472	450	500
INCLE	800	800	1,200
DA	6,120	7,310	9,435
CSD	3,926	3,357	5,225

National Interests:

U.S. interests in Jamaica include stemming the flow of illegal narcotics, preventing the cultivation and export of Jamaican-grown marijuana to the U.S., safeguarding the interests of U.S. investors and the safety of U.S. visitors to the island, and assisting Jamaica to continue its traditional leadership role among Caribbean countries. U.S. programs seek to bolster the effectiveness of Jamaica's defense forces and judicial organs and to alleviate social and economic ills that could undermine democratic institutions or increase levels of violent crime.

Objectives and Justification:

Jamaica plays a leadership role among the Caribbean countries, and in January 2000, assumed a nonpermanent seat on the U.N. Security Council. Jamaica is also a major transit point for illegal drugs. It is important that Jamaica have sufficient resources to combat narcotics trafficking and the accompanying crime, corruption, and threat to democratic institutions. The Jamaica Defense Force (JDF) has demonstrated during joint counternarcotics exercises with the U.S. under the bilateral maritime agreement that it is professional and well-trained. The JDF participates in marijuana eradication and is frequently called on by the Government of Jamaica (GOJ) to assist in police duties. The U.S. has transferred two U.S. Coast Guard vessels to Jamaica, but the GOJ has also spent its own limited funds to purchase equipment such as helicopters. Jamaica is eligible in FY 2001 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act (FAA). EDA will be used to promote interoperability and modernization of equipment. FMF funds are valuable in providing technical support and spare parts for aircraft and armored vehicles, as well as uniforms and other equipment for the JDF. International Military Education and Training (IMET) funding will assist the GOJ in addressing its strategic needs by providing training programs that focus on professionalism of their military, developing future leaders, instilling a better capability in resource management, and instilling a greater respect for human rights.

Jamaica is a major transit point for South American cocaine and also grows marijuana that is exported illegally to the United States. Currently, U.S. counternarcotics funding is used to support marijuana eradication, but the GOJ has agreed to take over half the marijuana cutters' salaries beginning in June 2000, and their full salaries beginning in June 2001. U.S. funding also supports GOJ anti-drug agencies to enhance interdiction capability and support efforts to increase seizures, increase arrests, and prepare investigations. The U.S. funds projects that support development of GOJ anti-money laundering capabilities and adoption by the GOJ of modern anti-crime legislation. U.S.-funded training includes anti-money laundering, anti-corruption, collection of evidence, port security, and tracing firearms.

Jamaica is in its fourth year of negative economic growth, and over half the government's budget goes to debt service. A general bank failure was narrowly avoided in 1997. Environmental problems include water pollution and damage to forests and coral reefs; they threaten one of Jamaica's few profitable industries, tourism. Society is threatened by criminal gangs, inadequate schools, the breakdown of the family, and high unemployment, particularly among the young. The poor economic situation in Jamaica also contributes to the problem of illegal Jamaican migration. U.S. development assistance programs foster the creation and expansion of small businesses, improve water quality, protecting parks and foster eco-tourism, and address the problems of at-risk youth by combating HIV/AIDS, STD's, and pregnancy, providing services to pregnant teenagers and reformed addicts, and improving educational standards at 72 primary schools. Programs at these schools will target literacy, numeracy, quality of teaching, school attendance, and management. Special programs will also target the gang-ridden "garrison communities."

Approximately 800,000 American citizens visit Jamaica annually, with an equal number traveling to the Cayman Islands, which is within the consular district of the U.S. Embassy in Kingston. The safety of U.S. citizens is a priority. The Embassy maintains contact with the Jamaican and Cayman police, national security, judicial, airline, and tourism officials. The Embassy consular section maintains a warden system, briefs American residents, monitors the welfare of the 50-60 U.S. citizens imprisoned at any given time, and keeps in close touch with the Department of State to ensure that travelers and potential travelers are aware of dangers. The Embassy also has a program for warning against penalties for attempting to smuggle illegal drugs into the United States.

MEXICO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	2,050	4,400	4,200
DA	6,882	9,462	9,725
ESF (Regional)	1,500	2,000	2,700
INCLE	8,000	10,000	10,000
IMET	918	1,000	1,000

National Interests:

The unusually broad and deep U.S. relationship with Mexico has direct and immediate implications for U.S. national security interests. The United States has an enormous and growing stake in a politically stable and economically sound Mexico. Our 2,000 mile common border and deepening demographic ties accentuate our vital interest in Mexico's economic prosperity (exports, global economic stability and growth); law enforcement (combating narcotics trafficking, protecting Americans abroad, upholding human rights); good governance (consolidation of democracy, institutional reform); environmental integrity; managed migration; and public health.

Objectives and Justification:

Mexico's traditional political structures and institutions are undergoing rapid transformations as the country moves toward more effective, transparent and decentralized government. In FY 2001, \$2.7 million in Economic Support Funds (ESF) will support Mexican initiatives to expand training for the new career civil service that supports Mexico's independent legislative branch of government, and to strengthen municipal governments by providing technical assistance in city administration and service delivery. The Judicial Sector Training and Institutional Development Project (\$500,000 from ESF and \$1 million from International Narcotics Control and Law Enforcement (INCLE) funds) will assist Mexico in implementing judicial reform efforts. These include a number of professional development and exchange programs to improve the ability of local, state and national judicial officials to combat criminal activity and corruption.

U.S. interests in good governance, law enforcement, and regional stability will also be served by the continued evolution of a professional Mexican military respectful of human rights that cooperates with the United States on issues of common interests. In FY 2001 International Military Education and Training IMET funds will provide professional and technical training intended in areas of mutual concern, including strengthening military command and technical capabilities, human rights standards, resource management, and

English-language skills. IMET's effectiveness will be measured in part by the promotion of U.S.-trained officers and civilian personnel to positions of leadership and command, increased interoperability and cooperation in joint military operations, and effectiveness in counterdrug and other law enforcement support missions.

The incidence of HIV infection in Mexico (the second greatest in Latin America) and the continuing problem of tuberculosis there have serious public health implications for the U.S. as well. USAID's Child Survival and Diseases (CSD) Fund will support an ongoing tuberculosis prevention and control program to improve the political, administrative, diagnostic and therapeutic response to the disease. The scope of HIV infection in Mexico presents a serious challenge to the recently decentralized national health system. CSD funds will also support programs to help states in their new responsibilities for funding, management and integration of HIV/AIDS and STI programs.

Other programs supported with INCLE funds (\$9 million) will strengthen ongoing bilateral law enforcement cooperation and promote implementation of the U.S.-Mexico Anti-Drug Strategy. Activities will include extensive technical assistance and training. A primary goal of these initiatives is to reduce and ultimately eliminate entry into the U.S. from Mexico of drugs intended for illicit use or sale, and precursors for the fabrication of such drugs.

Natural resource degradation in Mexico is destroying the natural resource base needed to support Mexico's growing economy and population, and threatens biodiversity throughout North America. DA funding will strengthen local and national capacity to manage natural resources. This includes prevention and control of wildfires and pilot activities to ensure long term stability of parks and protected areas by developing sustainable funding mechanisms. Eighty percent of Mexico's energy comes from consumption of fossil fuel, contributing directly to greenhouse gas emissions. Additional DA funds will serve environmental interests, and support Mexican economic and social development initiatives, through cost-effective programs for reducing greenhouse gas emissions.

Nearly one half of Mexico's population lives below the poverty line, and the economy's inability to generate sufficient new employment adds to the financial pressures that fuel migration within Mexico and to other countries (e.g. the United States). DA funding will strengthen the institutional base needed for sustainable growth in microenterprise, already an important source of income for poor Mexicans, promoting more equitable economic growth.

NICARAGUA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
CSD	11,940	7,932	7,248
DA	16,600	14,950	20,238
ESF (Regional)	1,500	--	1,450
CACEDRF	94,100	--	--
IMET	200	200	220

National Interests:

The primary national interests of the United States in Nicaragua are to support and strengthen democratic institutions; to foster regional security and interdict international crime; and to promote broad based economic growth and post-Hurricane Mitch recovery. Since the return of democratically elected government in 1990, Nicaragua has made great strides in establishing legitimate, responsive democratic institutions and in opening its economy. This progress has led to peace in the region and to greater security, while also allowing the standards of living of the Nicaraguan people to rise. Nevertheless, Nicaragua remains an extremely poor country and its commitment to democracy, while strong, faces many challenges. Continuing U.S. support will allow Nicaragua to move forward in its efforts to become a stable, democratic and more prosperous U.S. regional partner.

Objectives and Justification:

Chief among U.S. policy objectives in Nicaragua is to ensure that the devastation caused by Hurricane Mitch in October 1998 does not undo nearly a decade of political and economic progress. The Central America and Caribbean Emergency Disaster Recovery (CACEDRF) fund will finance programs designed to rebuild and, in many cases, improve upon institutions and infrastructure which existed prior to the Hurricane. In addition to rehabilitating roads, schools, clinics and other assets lost during the storms, CACEDRF will help promote job creation and spur economic activity. More than simply rebuilding, we need to keep Central America firmly on the path of economic growth and reform. To help ensure this process, the USG has strongly emphasized that municipal governments, NGOs, PVOs and other civil society players must be actively engaged in all phases of the reconstruction effort -- from planning to execution to accountability and budgetary oversight. In most cases, this means that CACEDRF funds go directly to these groups. Likewise, our assistance contains extensive provisions for ensuring transparency and accountability and for creating mechanisms to prepare for and mitigate the effects of future natural disasters.

International Military Education and Training (IMET) funds serve both to promote regional security and to strengthen democratic institutions. The Nicaraguan National Army (EN), once at the service of Sandinista political leadership, has made great progress in professionalizing and depoliticizing its officer corps, and in submitting to the direction of a civilian President and a civilian Minister of Defense (MoD). Courses in, for example, military resource management, human rights, and the role of a modern military within a democratic framework are crucial if Nicaraguan civilian leaders -- many of whom have little direct experience with military institutions -- are to effectively lead the EN. For historical reasons, our IMET relationship with Nicaragua is not at the level it is with other Central American countries; nevertheless, IMET training is an invaluable and increasingly important tool to promote our goals in Nicaragua.

Development Assistance (DA) and Economic Support Funds (ESF) are of great importance in our efforts to promote democracy in Nicaragua. Some funds from these accounts go directly to non-governmental organizations (NGOs), municipal governments and other civil society organizations, as part of our effort to promote transparency and good governance and to protect human rights. Within the Government of Nicaragua (GON) and its ministries, we seek to improve professionalism and responsiveness to the public by providing assistance to modernize government facilities, including the Supreme Court and the Ministry of Finance, and to provide training to improve the qualifications of the civil service.

In Nicaragua, the second poorest country in the Western Hemisphere, greater stability and democracy must go hand in hand with broad based economic growth. This is an especially challenging endeavor in the wake of Hurricane Mitch, which devastated much of Nicaragua's productive capacities and infrastructure. Child Survival and Diseases (CSD) funds directly address our economic goals in Nicaragua on the most basic level. Through these funds, the United States supports improved access to and quality of basic education, improved health for rural women and children, and food security. DA is also crucial to our efforts to promote sustainable natural resource management and increased rural incomes. Specifically, DA funds go toward promoting microenterprise development, expanding infrastructure and providing technical assistance to farmers.

Nicaragua receives no direct, bilateral U.S. International Narcotics Control and Law Enforcement (INCLE) funds. Nevertheless, success in protecting and promoting our national interests in Nicaragua depends largely on how well we address the scourge of narcotrafficking and other transborder crime. Clearly a threat to regional security, international criminals seek to undermine precisely those things we seek to build up: strong democratic institutions and a healthy, legitimate, competitive economy. Our efforts in this area are supported by INCLE regional funds. These funds finance a variety of crucial programs aimed at strengthening local law enforcement officials' capacity and at giving them the tools to do their job. INCLE investments in Nicaragua are relatively new (again for historical reasons), but they have already paid great dividends in amplifying the effect of our own law enforcement efforts in the region. We are currently providing training and equipment to the newly-created anti-drug division of the Nicaraguan National

Western Hemisphere

Police and seeking to promote the formation and training of a coast guard. USG. justice improvement and anti-corruption projects seek to fortify this work on the institutional level. Continued U.S. counternarcotics assistance to Nicaragua will eventually bring the GON up to the standard of its neighbors who have had a longer relationship with the U.S., providing a unified front against crime in a region that cannot afford weak spots.

PANAMA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY2001 Request
IMET	87	100	110
FMF	590	--	--
ESF (Regional)	425	1,000	1,000
DA	4,598	3,500	4,500

National Interests:

Panama remains extremely important to U.S. national interests following the transfer of the Panama Canal on December 31, 1999. Approximately 66 percent of Canal traffic originates in or is destined for the United States. Panama's strategic location between South and North America makes it a crossroads for international commerce, but also a center for illegal activity such as drug trafficking, money laundering, trafficking in arms and illegal immigration. The United States will need to continue cooperative efforts with Panamanian law enforcement entities to counter transnational crime threats, while working with the Government of Panama to help assure the security and smooth operation of the Panama Canal.

Objectives and Justification:

U.S. objectives in Panama are to assist the Government of Panama to interdict transnational criminal activity and to ensure the security and continued smooth operation of the Canal. Under those general guidelines, we seek to improve the capabilities of the Panamanian security forces and the efficiency/equity of the system of administration of justice. The USG also plans to work with the Government of Panama to protect the fragile ecology of the Canal watershed and thus avoid possible future problems caused by silting or decreased rainfall.

For the first time in its history Panama will take full responsibility for its external as well as internal security. Through judicious use of International Military Education and Training (IMET) funding, the United States seeks to assist the Government of Panama to develop greater ability to address its strategic needs. In FY 2000, \$100,000 in IMET funds will permit training of up to 4 individuals. A similar amount in FY 2001 will build on this modest base of support.

Through cooperation between USAID, the Government of Panama, and Panamanian non-governmental organizations (NGOs), we seek to promote indigenous environmental protection and management policies and programs designed to protect the Canal watershed. The Development Assistance (DA) funds earmarked for this purpose in

FY 2000 and FY 2001 will be directed toward building domestic institutions capable of managing the Canal watershed, encouraging local government and private sector cooperation in environmental management and protection, and increasing civic participation in protection of the environment.

USAID will work to improve the efficiency and fairness of the system of administration of justice. ESF levels of \$1 million in FY 2000 and FY 2001 will be used in programs directed at the courts, prosecutors and police, and in facilitating citizen participation and confidence in the Panamanian justice system. USAID also will collaborate with the USG's regionally-funded International Criminal Investigative Training Assistance Program (ICITAP) in support of administration of justice programs.

PARAGUAY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF (Regional)	1,300	1,000	3,500
DA	4,694	5,225	8,000
IMET	215	200	200

National Interests:

The primary U.S. national interest in Paraguay is the consolidation and strengthening of democracy. Other interests include advancing economic prosperity by protecting intellectual property rights, and global issues such as fighting drug trafficking, combating terrorism, and promoting conservation of natural resources. U.S. humanitarian interests include promoting public health and sustainable development.

Objectives and Justification:

The \$3.5 million in Economic Support Funds (ESF) and \$8 million in Development Assistance (DA) funds in FY 2001 will be used to strengthen democracy and help protect the environment. They will promote democracy by strengthening local governments, encourage legal reforms, and support expanded civil-military dialogues. They will also offer Paraguay environmental assistance in managing protected areas and provide incentives for conservation and sustainable use of private land. DA funds will also be used to make contraceptives more accessible to families and to improve health services at the community level. Some of the ESF will be used for health education for marginal and rural families. These efforts will help stabilize population growth, improve women's health, and reduce maternal and infant mortality and other poverty-related problems.

The \$200,000 in International Military Education and Training (IMET) funds will help promote democracy in Paraguay and regional stability by increasing the professionalism of military personnel and continuing to develop military respect for civilian authority. IMET funds will be used to train Paraguayan officials at the School of the Americas and the Inter-American Air Force Academy. By increasing military professionalism, IMET training also reduces the likelihood that civilians will seek to involve the military in politics.

Paraguay is a trans-shipment point for an estimated 15-30 metric tons of cocaine per year, some of which reaches the United States. International Narcotics Control and Law Enforcement (INCLE) funds from the Western Hemisphere regional account will be used for training, technical assistance, and equipment to help Paraguayan officials to develop a law enforcement capability to confront cocaine trafficking and money laundering.

PERU
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
INCLE	74,540	48,000	48,000
ESF (Regional)	300	--	2,000
DA	24,388	27,900	36,900
CSD	9,757	7,000	10,350
NADR	1,000	1,000	1,200
PKO	2,400	--	--
IMET	478	450	475
Plan Colombia ¹	--	25	12

National Interests:

The United States seeks to strengthen democratic institutions in Peru to promote independent judicial systems, respect for human rights, and open markets. This will ensure stability and enhance U.S. investment opportunities. The United States seeks to strengthen the Government of Peru's ability to interdict and disrupt narcotics production and distribution, to reduce the flow of cocaine to the United States. To consolidate democracy through economic and social development, U.S. programs are designed to reduce poverty, promote health, including reproductive health, and encourage sound environmental policies and sustainable growth.

Objectives and Justification:

Peru is one of the largest countries in South America and has a strong bilateral relationship with the U.S. that spans many issues, from counternarcotics to commercial ties. Peru is a source country for cocaine, and the United States has enjoyed excellent cooperation from the GOP in counternarcotics activities, resulting in a 66 percent decline in coca cultivation from 1995 to 1999. With U.S. assistance, GOP interdiction and "shootdown" operations effectively shut down drug traffickers' northern "air bridge" to Colombia. International Narcotics Control and Law Enforcement (INCLE) funds in the amount of \$48 million will provide training and assistance for aerial, maritime, riverine and ground interdiction of drug shipments, enhanced law enforcement, alternative development assistance, and drug education and demand reduction.

To reinforce and maintain the success of the interdiction programs and help sustain reductions in coca production, the U.S.-Peru alternative development program provides

¹ For specific information regarding U.S. supplemental funding for Plan Colombia, see "Assistance to Plan Colombia" in the "FY 2000 Supplementals and Advance Appropriations" section.

alternative income opportunities for coca growers. Assistance for more than 25,000 hectares of licit crops focuses on promoting the production of legal crops such as coffee and cacao. To date, the alternative development program has financed 850 km of road rehabilitation, constructed 21 bridges, and built two irrigation systems. INCLE funds also provide training to Peruvian police units to dismantle international criminal organizations.

The consolidation of democracy in Peru requires stronger democratic institutions, greater citizen participation in decision-making processes, an increase in Government responsiveness to citizens' needs, and greater respect for human rights. Although egregious human rights abuses by security forces have declined dramatically in Peru over recent years, a dominant executive branch exerts influence over the judicial system. The government inhibits the full exercise of press freedom and journalists investigating allegations of official misconduct have been subject to harassment. The \$2 million in Economic Support Funds (ESF) and part of the Development Assistance (DA) funds are designed to foster the goals of civic and voter education, journalism training and support for press freedom organizations, election monitoring, judicial training, increased political participation of women and increased citizen participation in local government. U.S. programs help to strengthen and expand the Office of the Human Rights Ombudsman and to support the work of credible human rights non-governmental organizations (NGOs).

Peru has successfully dealt over the last several years with Shining Path and MRTA insurgency threats to country's social and political stability, which date from the 1980s. In October 1998, Peru and Ecuador signed a peace agreement resolving an armed border dispute that had continued for over 150 years and last erupted into armed conflict in 1995. Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) funds will be used to continue demining of the border region. International Military Education and Training (IMET) funds programs to improve military professionalism and capabilities by providing military and civilian defense professionals training that reinforces the principle of civilian rule.

Peru's economy is one of the most resilient in the region and reforms during the 1990s have opened up markets and promoted privatization. The United States exports \$2 billion in goods and services annually to Peru, constituting approximately 25 percent of all imports to Peru. The United States is also Peru's most important trading partner, receiving approximately 23 percent of Peruvian exports. Approximately 200,000 American tourists visit Peru each year, and more than 200 U.S. companies are present in Peru. U.S. direct foreign investment in Peru exceeds \$4 billion.

Nonetheless, Peru remains a poor country with official unemployment of approximately 10 percent and underemployment of approximately 45 percent of the working population. Part of the DA programs aim to promote broad-based economic growth by providing financial and technical assistance to Peruvian public and private sector organizations to improve market systems and economic institutions, expand human capacity through education and training, improve food security, and expand employment opportunities for the poor. DA funds promote economic growth through food assistance

to alleviate malnutrition; microcredit loans to create jobs and improve living standards; and technical assistance and training to increase agricultural and enterprise productivity. Through family planning activities funded by DA, the U.S. will help provide individuals and couples with information and services that promote their health and contribute to population stabilization, as well as provide technical assistance and training to diagnose, treat and contain infectious diseases. Child Survival and Diseases (CSD) in the amount of \$10,350,000 also provides technical assistance and training for voluntary, quality family planning services, prenatal care, prevention and management of sexually transmitted diseases, and safe motherhood.

Uncontrolled urbanization, industrial pollution, and widespread poverty threaten Peru's natural resource base, one of the world's richest and largest. DA funded programs help to improve Peru's environmental legal framework and promote pollution prevention practices. DA funds also provides technical support for environmental protection training, waste management, and protection of national parks.

PERU-ECUADOR PEACE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
DA	6,000	--	--
ESF	--	11,000	10,000

National Interests:

The United States was a Guarantor of the Rio Protocol of 1941, along with Argentina, Brazil and Chile. The successful use of the Protocol to obtain a cease-fire in the 1995 hostilities between Ecuador and Peru was the preliminary to three years of intense negotiations between the parties, closely guided and counseled by the Guarantors. Guarantors also provided troops and equipment for the Ecuador-Peru Military Observer Mission (MOMEPE), which monitored the demilitarized zone established in the area of the dispute. The conclusion of a series of agreements between Ecuador and Peru, signed in Brasilia on October 26, 1998, marked a success for coordinated regional diplomacy, conciliation, and peacemaking and a major step toward stability in the region -- facilitated by the development of a traditionally isolated and underdeveloped area.

Objectives and Justification:

In conjunction with the settlement, the parties set up the mechanism of an Ecuador-Peru "Binational Plan for Development of the Border Region" to provide an estimated total of \$3 billion over ten years to develop their border areas in an integrated manner, thereby seeking to overcome the disadvantages of isolation and generations of hostility and underdevelopment. Funding will be sought from the international financial institutions (the InterAmerican Development Bank, the World Bank, and the Andean Development Fund), donor nations and private sector investment.

The U.S. Economic Support Fund (ESF) assistance to border region development activities will focus upon poverty alleviation and will demonstrate the U.S. commitment to implementation of the Peace Agreement brokered by the Guarantor nations. The assistance will be used to finance a number of small-scale, high-impact activities aimed at strengthening local governments, improving community infrastructure, upgrading health conditions, generating income, promoting cross-border trade and improving environmental management. U.S. participation will also serve to encourage other donors to support these same aims.

SURINAME
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	100	100	100

National Interests:

The principal U.S. interests in Suriname are promoting and protecting U.S. investment, fostering a stable political environment and respect for the rule of law in which that investment can operate tranquilly and profitably, and encouraging the protection of the country's large rain forest, which is essential to preserving the global environment.

Objectives and Justification:

The U.S. will use its International Military Education and Training funds for projects which promote civilian control of the Surinamese armed forces, increase military professionalism and to expose Surinamese military personnel to U.S. norms and values with respect to the appropriate military role in democratic society. The United States will also provide training to enable the Surinamese military to implement effectively the recently concluded Counterdrug Maritime Agreement and Counterdrug Memorandum of Understanding between our two countries.

TRINIDAD AND TOBAGO
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	148	125	125
FMF	225	225	300

National Interests:

Trinidad and Tobago (TT) is a stable democracy and a staunch friend of the United States. It is in the U.S. national interest to assure TT's continued macroeconomic growth and political stability while protecting U.S. investments in the energy and petrochemical sectors and supporting sound environmental policies. Since TT is a trans-shipment point for narcotics from South America, it is also in the U.S. interest to help the country improve its criminal justice system, counternarcotics, and law enforcement capabilities.

Objectives and Justification:

TT's economy is dominated by oil and natural gas production and related downstream petrochemical industries although the GOTT is actively pursuing diversification. The U.S. is already the leading exporter to and investor in TT, but there is room for more growth. The Mission is encouraging the GOTT to play a more active role in the Free Trade Area of the Americas (FTAA) and within CARICOM on trade matters. Other Embassy goals include further liberalization of the civil aviation, telecommunications and financial services sectors that will encourage present and future U.S. investment. The Mission also is working with the GOTT to ensure fairness and transparency in acquisitions and awarding of bids for public projects. The Embassy will continue to monitor the GOTT's level of Intellectual Property Rights (IPR) enforcement. Regardless of which party wins the national election in the year 2000, it is unlikely to change the GOTT's commitment to free trade and a positive investment climate.

Although the United States and Trinidad and Tobago have an exceptionally cooperative relationship in combating crime, TT's proximity to South America makes it an easy trans-shipment point for narcotics headed for the U.S. With USG assistance, the GOTT has identified and prosecuted major drug traffickers, seized narcotics-related assets, and recently charged four people with money laundering. However, police corruption, lengthy trial delays, and protection of witnesses remain problem areas that the Embassy is helping TT to address by providing technical assistance and training. Technical training is also being provided to the police in such areas as criminal investigations, tourism policing, and document fraud. An IRS team is helping the Board of Inland Revenue to modernize tax collection procedures. The United States has donated equipment (two C-26 and two Piper-Navajo aircraft, and two 82-foot patrol boats) to

Western Hemisphere

improve the country's air and sea surveillance against narcotics traffickers. TT may receive one additional 82-foot cutter in 2001. FMF funds will contribute to preventative maintenance of equipment. They will also assist the TT Defense Regiment in creating an engineering battalion to help develop the country's infrastructure and participate in regional disaster response and relief. IMET funds will assist the TT defense forces to improve management and professionalism.

The United States is working to increase TT's leadership on greenhouse gas emissions among developing countries. Reducing emissions from TT's industrial sector can set a good example for other developing countries. Encouraging improved protection of fish stocks, coral reefs, forests and wetlands helps preserve biodiversity and global resources.

URUGUAY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
IMET	364	300	300

National Interests:

United States national interests in Uruguay include promoting democracy by strengthening the Uruguayan military as a democratic institution and addressing global issues by helping Uruguay fight narcotics trafficking and international crime. U.S. economic prosperity is promoted by encouraging Uruguay's participation in the Free Trade Area of the Americas (FTAA) process to open regional markets to U.S. exports.

Objectives and Justification:

The \$300,000 requested in International Military Education and Training (IMET) funding will promote regional stability by strengthening the Uruguayan military as a democratic institution. IMET-funded training helps to make Uruguayan military officials and civilian officials aware of the democratic values that the United States and Uruguay share, such as human rights, international law enforcement, and environmental protection. Uruguay will be eligible for available Excess Defense Articles (EDA) provided under Section 516 of the Foreign Assistance Act to modernize Uruguayan equipment and increase the interoperability of Uruguayan and other peacekeeping units.

International Narcotics Control and Law Enforcement (INCLE) funds from a Western Hemisphere regional fund will help fight illegal drugs and international crime. The assistance will equip branch offices of the anti-drug directorate in key rural areas, finance DEA interdiction training, and provide training and seminars for officials investigating and prosecuting money laundering. The assistance will also be used for domestic demand reduction projects such as public awareness campaigns, outreach programs for high-risk children, health care training, and for equipment to improve the effectiveness of investigation and prosecution of major criminals. Another use of the assistance will be to provide training and equipment for border control officials, assistance that will be particularly timely now that Uruguay participates in the Visa Waiver Pilot Program, which allows most Uruguayan tourists and business visitors to travel to the United States without visas.

VENEZUELA
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF (Regional)	--	500	1,000
IMET	400	400	400
INCLE	700	700	1,200

National Interests:

As the leading supplier of foreign oil to the U.S. and one of the oldest democracies in Latin America, Venezuela is strategically important. In the wake of profound political and institutional changes in the last year, U.S. policy objectives include preserving constitutional democracy, maintaining access to Venezuela's extensive petroleum reserves, and protecting U.S. exports and investments. The U.S. also seeks closer counter-narcotics cooperation, stable and secure borders, and successful institutional transition to the new judicial system.

Objectives and Justification:

The U.S. will monitor Venezuelan interest in Colombia's peace talks and the border disputes between Venezuela and its neighbors (particularly Guyana), using diplomatic resources to help ameliorate any potential disagreement. International Military Education and Training (IMET) will maintain military links and provide important training to the military, including an emphasis on human rights. The provision of Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act will be used to promote inter-operability and modernization of equipment.

Venezuela has implemented a far-reaching judicial reform program, but much remains to be done in training law enforcement and judicial authorities on their new roles and responsibilities. The U.S. will continue its support for transition from the old judicial system to the new, including training of judicial personnel and training in national and international organized crime investigations. Venezuela is a major trans-shipment route for illegal drugs destined for the U.S. International Narcotics Control and Law Enforcement (INCLE) funds will help improve the GOV's interdiction and eradication efforts, combat international money laundering activities and improve controls to prevent diversion of essential and precursor chemicals.

A new government took office in February 1999. It oversaw two free and fair referenda and one election that culminated in the adoption of a new Constitution on December 15, 1999. The U.S. will continue to work with the Chavez administration to improve civilian-military relations, strengthen democratic institutions through initiatives

funded by Economic Support Funds (ESF), and promote the rule of law and respect for human rights.

Torrential rains hit the northern coast of Venezuela in December 1999, resulting in mudslides, flooding, tens of thousands of casualties and widespread damage to infrastructure and communities. During FY 2000, the U.S. is providing \$3 million in disaster assistance in the form of emergency supplies, water treatment and storage systems, airlift capability for personnel and supplies, and technical assistance on abatement of a serious chemical spill, public health concerns, and reconstruction.

The United States is Venezuela's most important trade partner, but preferential agreements between Venezuela and other Latin America countries put U.S. exports at a disadvantage. The U.S. will work to increase access of U.S. goods, services and investments to the Venezuelan market through bilateral agreements, the planned Free Trade of the Americas Agreement (FTAA) and WTO commitments. Venezuela is a major importer of U.S. products, with a current purchasing level of \$5.4 billion dollars (18 percent lower than previously as a result of the current Venezuelan recession). The U.S. will continue an active outreach program to inform U.S. companies about opportunities in the Venezuelan market, with special emphasis on small and medium sized exporters.

Venezuela's economy remained in a sharp recession in 1999; the temporary dip in oil prices and political uncertainty caused a sharp decline in investment. The USG will continue to encourage broad-based growth through continued economic reform, including economic diversification and reduced spending on nonproductive activities and negotiation of a bilateral investment treaty.

ADMINISTRATION OF JUSTICE/ICITAP
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	6,775	6,500	10,000

National Interests:

Democracy, human rights and international law enforcement are central to U.S. national interests. The International Criminal Investigative Training Assistance Program (ICITAP) helps achieve U.S. interests in these areas. By supporting the development of stronger police organizations, more competent criminal investigation, and better coordination with prosecutors and other actors in the criminal justice process, ICITAP helps other countries establish a rule of law, provide for their own public security, sustain democratic institutions, and cooperate more effectively with U.S. law enforcement agencies in international matters. Priority is given to countries in transition to democracy, where unique opportunities exist for major restructuring and refocusing of police and investigative resources toward establishment of a rule of law.

Objectives and Justification:

The ICITAP program supports the institutional development of civilian police agencies. It offers assistance in three basic areas of police work – investigative and forensic development, police management, and police academy curriculum development – and works with counterpart agencies to formulate and implement specific institutional development plans. In countries where new police organizational laws either have or will be approved, ICITAP provides general technical advice and other assistance aimed at the development of an appropriate overall management structure. In other countries, its primary focus is the development of effective investigative units or divisions capable of supporting the new criminal procedure codes that are being adopted throughout Latin America. It also supports the development of forensic laboratories, as well as an understanding by all participants in the criminal justice process of the value of physical evidence. It assists police agencies to develop their own training programs in basic and specialized areas, such as criminal investigation and for supervisory and executive level personnel.

For FY 2001, \$10 million in Economic Support Funds (ESF) is needed to continue programs underway in Bolivia, Colombia, El Salvador, Guatemala, Honduras and Panama and to expand activities in the Dominican Republic and Nicaragua. Political and legislative developments permitting, it is possible that programs would also be initiated in Venezuela, Ecuador and a country of the English Caribbean.

ORGANIZATION OF AMERICAN STATES
HUMANITARIAN DEMINING PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY2001 Request
NADR	2,388	1,437	1,500

National Interests:

The global U.S. Humanitarian Demining Program -- funded through Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) -- seeks to relieve human suffering, to promote national and regional stability and to foster economic development by returning mined land to economic utility. During the Central American conflicts of the 1980s and early 1990s, thousands of mines were laid throughout the region threatening human life and providing a dangerous impediment to regional development.

Objectives and Justifications:

The Organization of American States (OAS) has been coordinating a regionalized demining effort in Central America since 1993. The United States government has contributed over \$11 million towards humanitarian demining efforts for the OAS in Costa Rica, Guatemala, Honduras and Nicaragua to support dog detection teams and equipment purchases. Though Hurricane Mitch resulted in a slowdown to demining efforts, FY 2001 NADR will assist the effort to render Guatemala, Honduras and Costa Rica mine safe by 2002.

GLOBAL PROGRAMS

Anti-terrorism Assistance
CTBT Preparatory Commission
Enhanced International Peacekeeping Capabilities
Environmental Diplomacy
Export Control Assistance
Humanitarian Demining Program
Human Rights and Democracy Fund
International Atomic Energy Agency
Nonproliferation and Disarmament Fund
Partnerships to Eliminate Sweatshops
Small Arms Destruction
Terrorist Interdiction Program

ANTI-TERRORISM ASSISTANCE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	41,000	33,000	68,000

National Interests:

International terrorism threatens American lives, property, and national interests, such as furthering the Middle East peace process and promoting the stability and security of friendly nations. Whether the terrorists' goal is simply to lash out at Americans or undermine friendly governments, the United States has a strong interest in preventing terrorists from destroying more lives and property.

International cooperation and improved security and law enforcement capabilities in host countries is essential to countering the terrorist threat. In protecting Americans living and travelling overseas, host governments have the primary responsibility for security on their territory, with police and security officials as the first line of defense. By improving host-government capabilities, the Department's Anti-terrorism Assistance (ATA) programs enhance their ability to protect the lives of both Americans and the indigenous population, and to enhance the cooperation among counterterrorism specialists and their policy leaders.

Objectives and Justification:

The United States seeks to prevent terrorist attacks on U.S. citizens and to minimize the impact of any attacks that may occur, whether at home or abroad. A corollary of this goal is preventing terrorists from undermining the stability of, or otherwise adversely affecting, other nations where the U.S. has foreign policy, economic, or security interests. The terrorism threat and counter strategies continue to evolve, as new and often loosely knit religious groups emerge that overshadow many of the older, secular groups. The willingness of some terrorists to commit suicide in order to kill as many persons as possible makes it more difficult for security forces to take effective counter measures.

Key to the counterterrorism effort is effective international cooperation, which includes not only diplomatic cooperation and exchange of intelligence information and coordinated actions, but also the provision of antiterrorism training for law-enforcement and security officials of friendly foreign governments. These efforts combine to foster the development of good working relationships between the U.S Government and friendly countries.

The ATA program provides specialized training to foreign governments to help increase their capability to deter and cope with terrorist attacks. The program is designed

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to develop the necessary technical skills, such as bomb detection and airport security, required for nations to protect individuals, facilities, and their infrastructure against the threat of terrorism. The program also is embarking on additional approaches to deter terrorists, such as curbing terrorist fundraising and countering terrorist use of weapons of mass destruction.

For FY 2001, the Administration is requesting \$68 million to support the ATA activities: \$38 for the ATA program, and \$30 million for a dedicated training facility for antiterrorism and security related training. The proposed \$38 million training during FY 2001 is needed to:

Enhance anti-terrorism skills: There is a crucial need to strengthen the capabilities of an increasing number of nations to counter efforts by terrorists groups, such as those aligned with Uslama Bin Ladin as they broaden their areas of operation. Typical programs include training in detecting and handling explosives, crisis management, airport security, and personnel and physical installation security. The upsurge of terrorist-related activities during the months leading to the millennium provided additional indications that persons involved with radical fundamentalist terrorist groups were active in parts of Africa and some of the Central Asian states and even trying to cross our border with Canada. The Government of Jordan, which has received a considerable amount of antiterrorism and investigative training through the ATA program, disrupted a major terrorist attack, and counter measures helped deter potential attacks elsewhere. This training component of the overall ATA training is programmed for \$38 million in FY 2001 and is shown by region and discussed below (dollars in thousands):

Region/Program	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Sub-Saharan Africa	8,150	5,450	5,800
Western Hemisphere	1,200	1,436	1,650
East Asia & Pacific	2,750	3,150	3,700
Europe/NIS	4,530	6,500	7,750
Near East	8,950	6,400	6,900
South Asia	200	2,450	2,950
Program Design & Development	1,123	600	850
Program Management	<u>5,074</u>	<u>7,014</u>	<u>8,400</u>
Total	41,000	33,000	38,000

The requested funding will enable the ATA program to finish the third year of the training launched by the FY 1999 Emergency Supplemental Appropriation for training in six African countries, including Kenya, Tanzania and Uganda, and six Central Asia and Eastern European countries, including Uzbekistan, Kyrgyzstan and the Czech Republic. It also will allow for a continuation of assistance in traditional areas of concern, such as the Middle East, where the Gulf Countries, Egypt, Jordan, and Israel

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receive specialized training. Funds may also support new training programs in Central Asia and reviving training for India. The ATA program is expecting to provide training for approximately 3,000 participants in FY 2001.

Counter Weapons of Mass Destruction: The ATA program is funding interconnected programs to help counter the threat of terrorist use of chemical, biological or radiological or nuclear weapons of mass destruction; training host government senior officials in the crisis response and consequence management techniques needed to cope with potential mass casualty attacks; and training for the "first responders," the firemen, paramedics, policemen and hazardous materials personnel. This program focuses on the foreign security personnel who will be the ones most immediately coping with a terrorist attack and the senior level officials who will be managing the responses. To the maximum extent feasible, the effort draws from lessons learned and materials being developed for training first responders in the United States. Approximately \$4 million dollars of the overall ATA training program will be utilized for this specialized effort.

The WMD programs are intended to provide foreign senior officials and emergency response personnel with the skills needed for collective, interagency responses needed to cope with problems of potential mass casualties from an attack involving weapons of mass destruction. Crisis management seminars and exercises for more senior policy level officials will be utilized. Initial seminars already have been conducted with several Middle East nations and are being planned for others in the remainder of FY 2000. Training is being planned for up to 12 countries, including Central Asia, during FY 2001.

Curb Terrorist Fundraising: This is a multi-faceted program designed to curb terrorists' ability to obtain necessary resources needed to recruit members, organize and launch attacks. The ATA program is coordinated with other agencies such as the Justice and Treasury Departments on a program to train officials of other countries in countering terrorist fundraising and money transfers. The program teaches banking and other foreign officials in courses and seminars to develop the skills and techniques to identify, investigate, intercept, and prosecute funding operations for terrorist activities. Initial training is focusing on countries in the Gulf, to be followed by selected states in Central Asia and other regions. Current estimated cost would be up to \$1 million for this component of the ATA training program in FY 2001.

Center for Antiterrorism and Security Training (CAST)

Adequate, dedicated training facilities are needed to meet the increasing needs for ATA courses. Currently, training for 21 courses in the U.S. is spread over 7 facilities controlled by other agencies. As interest and participation in the ATA program has grown, it has become increasingly difficult to schedule certain ATA courses in a timely manner using facilities controlled by other agencies which have their own scheduling priorities. This not only delays training in some courses by as much as two years, but it makes responding quickly to a country's special needs difficult. The facilities problem also causes scheduling out of the preferred sequence of training for the participating

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countries. Specialized facilities are needed to provide firing ranges, safe areas for dismantling explosives, and evasive driving courses.

The Administration is requesting \$30 million for design and construction of a dedicated training facility to meet the ATA program's needs. At present, several potential sites are under review, including military facilities that are being deactivated and that are in close proximity of Washington to facilitate senior level interaction and participation.

CTBT PREPARATORY COMMISSION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	28,900	14,000	21,500

National Interests:

The Comprehensive Nuclear Test Ban Treaty (CTBT) is a key component of U.S. nonproliferation policy. By banning all nuclear explosions, it constrains nuclear weapon development and strengthens the nuclear nonproliferation regime. Parties to the Nuclear Non-Proliferation Treaty (NPT) convened in 1995 and agreed to extend the NPT indefinitely, but in a statement of Principles and Objectives also called for concluding a CTBT no later than 1996 as an important measure to support the NPT. With U.S. leadership, the Treaty text was concluded in summer 1996, with the United States the first to sign. Although the Senate voted against U.S. ratification of the CTBT on October 13, 1999, the Administration continues to support the Treaty, including financial support for its implementation. In his State of the Union address, January 27, 2000, President Clinton voiced his hope for "a constructive bipartisan dialogue this year to build a consensus which will lead eventually to the ratification of the Comprehensive Nuclear-Test-Ban Treaty." To date, 155 states have signed and 53 have ratified the CTBT.

Objectives and Justification:

For FY 2001, the Administration is requesting \$21.5 million in NADR to fund the U.S. voluntary contribution to the CTBT Organization Preparatory Commission, which is responsible for preparing for effective implementation of the CTBT, including a verification regime. The U.S. contribution is approximately 25 percent of the annual CTBT budget, with voluntary contributions from other signatory nations making up the other 75 percent. These funds will be used for establishment of the International Monitoring System (IMS), the Treaty's global, 321-station network of seismic and other sensors to monitor for nuclear tests, as well as for administrative expenses of the Preparatory Commission's Provisional Technical Secretariat (PTS). Establishment of the IMS is critical, even prior to entry into force of the CTBT, in order to strengthen U.S. verification capabilities by making full use of other countries' collaborative efforts.

Since 1997, Prepcom funds have been used for IMS site surveys, seismic station upgrading, and initial PTS staffing and infrastructure in Vienna, Austria, the seat of the CTBT Organization. Efforts have become an increasingly vigorous to establish the IMS and other parts of the verification regime (the International Data Centre and associated communications); to allow IMS data to be collected and processed for Signatory States; to build the capability to conduct on-site inspections; and to develop the PTS

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infrastructure to support these programs. The budget has increased each year as the building program has accelerated. The PTS expects the IMS to be 50 percent complete by the end of 2002 and over 90 percent complete by the end of 2005.

ENHANCED INTERNATIONAL PEACEKEEPING CAPABILITIES
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
FMF	7,000	2,500	6,000

National Interests:

Peacekeeping initiatives support multiple U.S. national interests, including national security, democracy & human rights and humanitarian response. The need for peacekeeping is likely to stretch well into the future and it is in the U.S. interest to encourage both broad international participation and efficient well trained interlocutors. The Enhanced International Peacekeeping Capabilities (EIPC) funding reduces the likelihood and expense of future U.S. involvement in peacekeeping operations by ensuring that the United States has effective coalition partners when national interests dictate involvement.

By enhancing international peacekeeping capabilities around the globe EIPC not only reduces U.S. and international costs for peacekeeping missions by increasing the pool of credible peacekeeping operatives, it encourages regional conflict prevention and resolution.

Objectives and Justification:

The primary objective of the EIPC initiative is to assist selected foreign countries in developing their institutional capacities to field more efficient and well-led peacekeeping units, capable of taking on the toughest assignments. It provides a global framework for rationalizing development of regional peacekeeping initiatives. EIPC aims to enhance military interoperability, leadership performance, use of common peacekeeping doctrine, and English language proficiency -- at the institutional level -- to help promote effective combined operations when battalion-level or larger units from diverse countries deploy together. In doing so, EIPC seeks not only to promote burdensharing, but also to enhance national and regional capability to support peace.

For FY 2001, we seek \$6 million in FMF to support ongoing efforts to expand and reinforce the pool of peacekeeping-capable countries worldwide. EIPC recipients are selected, in large part, for their demonstrated commitment to strong future participation in international or regional peacekeeping operations. Therefore, these funds would be used to strengthen their ability to participate with the greatest possible effectiveness. As the program moves beyond its take-off point, we will seek to incorporate common peacekeeping doctrine in recipient training programs. We will work to enhance command and control interoperability at the battalion and higher staff level; such interoperability is required for effective participation in actual peacekeeping operations or

Global Programs

in multinational peacekeeping exercises. We will help develop the capability of selected EIPC recipients to offer peacekeeping training courses to other regional PKO participants. Finally, we will actively encourage greater capabilities on the part of EIPC recipients to host and participate in regional multinational peacekeeping exercises.

Since its inception, FMF funds have been allocated to: Argentina, Bangladesh, Bolivia, Bulgaria, Chile, Czech Republic, Fiji, Hungary, Jordan, Lithuania, Mongolia, Nepal, Poland, Romania, Slovakia, South Africa, Ukraine and Uruguay. All of the countries that have received EIPC funds have taken decisive steps to increase their international PKO role. To cite a few examples: Argentina has developed the pre-eminent PKO training center in Latin America. Nepal has volunteered to participate in operations in both East Timor and Sierra Leone, significantly increasing this country's international participation. Mongolia has engaged with U.S. Pacific Command to participate in joint peacekeeping exercises and is actively developing PKO training capabilities for its military, significant for a country that has not been a PKO participant in the past.

FMF funds are used to procure non-lethal defense-related training equipment in support of EIPC, which emphasizes the "train the trainer" concept in order to maximize the benefits of the expenditures. The program also funds workshops tailored to a country's peacekeeping training needs. The program provides for visits to U.S. peacekeeping training centers and installations for senior-level officers and trainers that are directly involved in national PKO training programs. Additionally, these funds help to procure peacekeeping training and doctrine-related manuals and other library resources, and for limited construction of facilities dedicated to PK training. Finally, EIPC enables countries to obtain and employ peacekeeping software training simulations rather than relying on more costly field exercises. The EIPC program is complemented by other resources, including the International Military Education and Training (IMET) program, Excess Defense Articles programs, and CinC peacekeeping exercises.

The program has increased the willingness and military capacity of recipients to become contributors in peace operations. This program has increased the political commitment and integration of complementary programs by other sponsor governments to work with the United States in support of EIPC goals. EIPC has also increased the capacity and effectiveness of national peacekeeping training programs to develop leaders, staffs and units proficient in UN/MNF peacekeeping and humanitarian assistance missions.

ENVIRONMENTAL DIPLOMACY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	4,000	5,000

National Interests:

U.S. national interests are increasingly at stake as new technologies emerge, natural resources are destroyed and world population grows. Environment, science and technology issues impact directly on the health and economic well-being of all Americans. U.S. national interests are best served by proactive diplomacy and American leadership in these areas.

Objectives and Justifications:

The Administration is requesting \$5 million in Economic Support Funds for environmental diplomacy activities in FY 2001. Environmental diplomacy allows the United States to assist foreign countries to understand the technical aspects of environmental issues and to enable host governments to elaborate their own environmental policies in an informed manner. These funds will allow the Department of State to implement a coordinated strategy using the technical expertise of other U.S. Government agencies in providing such assistance. Environmental diplomacy funds enhance and extend the traditional diplomatic efforts of the Department of State and complement and strengthen the activities of other U.S. Government agencies. Funds will support workshops, symposia, outreach, and other mechanisms with the objective of:

- Promoting understanding of the science that provides the foundation for U.S. positions on environmental issues;
- Explaining technical aspects of U.S. positions to foreign governments and civil society in order to build and maintain international support;
- Making clear the economic and environmental implications of the choices being made in international fora;
- Enhancing regional cooperation in transboundary environmental and health issues, and;
- Asserting U.S. leadership as new environmental issues emerge.

The Department of State is currently negotiating agreements and building support for U.S. positions on environmental issues including biodiversity, forests, hazardous chemicals, fisheries, oceans and climate change. These international negotiations will directly affect U.S. interests in trade and investment in such areas as food safety, movement and use of hazardous chemicals, timber harvesting and export, fishing and navigation rights and global energy use.

Global Programs

Program funds will be used, among other things, to:

- Help developing countries assess and implement their treaty obligations with respect to hazardous chemicals. Funds will support workshops that highlight U.S. positions in ongoing hazardous persistent organic pollutants and prior informed consent negotiations with the goal of securing support for U.S. approaches.
- Organize regional meetings to raise policy-level awareness and build consensus for action with respect to invasive plant and animal species that pose a potential impact of in excess of \$100 billion dollars annually on the U.S. economy in the agriculture, forestry, fisheries and manufacturing sectors, as well as human health threats.
- Develop regional management mechanisms for transboundary fresh water issues in such key areas as Central Asia, the Nile basin and Southern Africa.
- Conduct outreach to communities and nations to promote the economic and environmental value of protecting coral reef systems.
- Organize symposia with the aim of increasing developing country participation in efforts to address climate change as a key element of our overall diplomatic effort.
- Organize negotiating sessions for an agreement to protect and conserve endangered sea turtles in the Indian Ocean, and to resolve trade concerns associated with U.S. sea turtle conservation efforts.

EXPORT CONTROL ASSISTANCE
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	5,000 ¹	10,780	14,000

National Interests:

A key element to stemming the proliferation of weapons of mass destruction (WMD) and their delivery systems is effective export controls -- ensuring that potential suppliers have proper controls on exports of dual-use goods and technologies, that transit countries have the tools to interdict illicit shipments crossing their territory, and that trans-shipment states implement controls to prevent diversions. The U.S. export control assistance program provides recipient countries the technical and material support needed to carry out these nonproliferation efforts.

Objectives and Justification:

For FY 2001 the Administration is requesting \$14 million to support a world-wide effort to strengthen national export controls on dual-use goods and technologies by working with key countries to:

- Establish the necessary legal and regulatory basis for effective export controls;
- Coordinate, train, and provide WMD detection and interdiction equipment, such as radiation detectors and X-ray vans to enforcement agencies;
- Develop licensing procedures and practices;
- Install export control Internal Compliance Programs at entities of particular nonproliferation concern; and
- Develop and install integrated, automated information systems for licensing and enforcement.

In FY 2001, NADR export control assistance funds will be used to:

- Increase the capabilities of source-countries to interdict illicit exports of dual-use goods and technologies. Funds will be used to: assist recipient countries in improving legal and regulatory infrastructures, install export controls at enterprises of particular proliferation concern; and provide the necessary equipment and training to enforcement agencies. To date, Internal Control Programs (ICPs) have been installed at 207 Russian industrial and scientific facilities to implement effective nonproliferation controls at the source; this "at the source" control program will be continued in FY 2001 in Russia and other countries.

¹ In addition, \$4 million in FY 98 ESF was used for Export Control programs in FY 99.

Global Programs

- Continue to provide the equipment, including radiation detectors, and training that allow interdiction efforts in Central/Eastern Europe and the Baltics to stop those countries from being used as conduits for illicit WMD-related exports destined for terrorist states. This support is directly responsible for successful interdiction of several recent nuclear smuggling attempts in Europe.
- Enhance capabilities to interdict illicit materials in transit. Funds will support continued programs in Malta and Cyprus, and creation of transshipment controls in other key freeports such as Singapore, Kuala Lumpur, and the United Arab Emirates.
- Fund programs in India and Pakistan to improve their nonproliferation export control systems. Funds will support establishment of viable legal and regulatory regimes, as well as provision of equipment and training for senior officials and line personnel (customs officers, border guards, and others) on procedures, techniques, and equipment usage to increase identification and interdiction of WMD materials, technology, and delivery systems.

HUMANITARIAN DEMINING PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	35,000	40,000	40,000

National Interest:

A key U.S. foreign policy goal is to eliminate the threat to civilians of uncleared anti-personnel landmines, which have proven to be one weapon that is both destabilizing and damaging to the restoration of peace and prosperity once a conflict is over. The U.S. Humanitarian Demining Program supports U.S. foreign policy by providing funds to allow mine-affected nations to save the lives and limbs of innocent civilians, return displaced persons to their homes, rebuild shattered economic infrastructure, return agricultural land to productivity, and allow the safe delivery of other humanitarian services. The program seeks to build, within a mine-affected nation, the indigenous capacity to execute and manage humanitarian mine action initiatives on its own. The FY 2001 request demonstrates a continued U.S. commitment to rid the world of anti-personnel landmines and leverages additional contributions from other governments, international organizations (IOs), non-governmental organizations (NGOs), and the private sector.

Objectives and Justification:

Landmines emplaced during past conflicts now constitute a scourge that kills or maims thousands of people each year, impeding political reconciliation and the return of land and people to productive economic activities. Although an accurate number of landmine victims is difficult to calculate, the international community generally agrees that there are over 25,000 victims annually. The U.S. National Security Strategy recognizes demining as one of its most significant humanitarian efforts because it saves lives and also minimizes the need for other humanitarian support.

Since 1993, the United States has provided a total of nearly \$400 million either bilaterally or through non-governmental or international organizations (NGOs/IOs) for demining efforts in thirty-six nations. U.S. support has contributed to the following successes:

- In Cambodia, the landmine casualty rate has been cut by 90 percent. Namibian deminers have been able to restore most previously mined land to productive use. Rwanda has cleared nearly a quarter of its landmine-contaminated territory. Nearly 2,000 indigenous personnel in Bosnia and Herzegovina have been trained and certified as deminers.

Global Programs

- US humanitarian demining assistance has also supported existing or new peace settlements around the world. In Peru and Ecuador, U.S. assistance played a key role in the peace process, allowing the two nations to clear and mark their border.

The FY 2001 request of \$40 million will sustain and expand existing U.S. efforts in thirty-six countries, including those most severely affected by landmines (Afghanistan, Angola, Cambodia, and Mozambique), and permit expansion into several of the other landmine-affected countries. Potential new participants include Algeria, Bulgaria, Chile, Democratic Republic of the Congo, Guinea-Bissau, Niger, Sierra Leone, Sudan, Tunisia, and Sri Lanka. Provision of assistance is based on a careful assessment of a country's needs and prospects for successful completion of the national demining program.

Demining funds will be used to support mine clearance operations, the acquisition of new and replacement mine detection and clearance equipment and supplies; service contracts/grants with commercial firms, NGOs and IOs; and mine awareness instruction and instructional materials. For countries with a mature program, funds will support procurement of heavy equipment for humanitarian demining and expansion of other efficient and proven methods, such as dog detection teams. Demining funds may also be used to support broad, cross-cutting initiatives, such as the UN Level I survey action program; publication of "Hidden Killers;" mine awareness initiatives by the United Nations Children's Fund; a quick reaction demining force; and outreach activities to foster awareness of the global landmine problem.

A detailed country/program breakout for the FY 2001 Humanitarian Demining Program follows. Individual country justifications are included in the respective country papers.

FY 2001 Humanitarian Demining Program
(\$ in thousands)

Country	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
Afghanistan/UNOCHA	2,615	3,000	2,900
Angola	--	3,096	2,900
Armenia	--	300	600
Azerbaijan	--	500	600
Bosnia	2,305	--	--
Cambodia	1,500	2,580	2,600
Chad	732	633	600
Croatia	600	--	--
Djibouti	--	300	800
Ecuador	1,000	1,000	1,200
Eritrea	--	1,117	1,000
Estonia	335	--	300
Ethiopia	--	1,117	1,000
Georgia	--	997	900
Guinea-Bissau	--	300	500
Jordan	1,900	1,511	1,500
Laos	1,800	1,486	1,500
Lebanon	530	857	800
Mauritania	535	501	400
Moldova	--	300	--
Mozambique	1,900	2,500	2,000
Namibia	1,053	300	100
Oman	--	300	500
Org. of American States	2,388	1,437	1,500
Peru	1,000	1,000	1,200
Rwanda	750	246	250
Somalia	1,150	1,300	1,600
Thailand	1,050	1,220	1,300
Vietnam	1,096	1,000	800
Yemen	1,462	1,236	1,400
Zambia	--	300	500
Zimbabwe	743	1,152	1,000
New Country Programs	--	--	1,800
Crosscutting Initiatives	8,056	7,914	5,450
Program Management	500	500	500
TOTALS	35,000	40,000	40,000

Note: Demining in the Balkan region funded primarily through the Slovenia Trust Fund.

HUMAN RIGHTS AND DEMOCRACY FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	9,000	9,000	18,000

National Interests:

Taken together, democracy and human rights are one of the seven U.S. National Interests identified in the Strategic Plan for International Affairs. In supporting the spread of democracy and human rights, the United States is simultaneously promoting America's values and protecting its interests, for history amply demonstrates that liberal democracies are more prosperous, peaceful and cooperative than authoritarian governments.

Objectives and Justification:

The Human Rights and Democracy Fund (HRDF) advances U.S. national interests by providing funds to address emerging human rights and democratization opportunities and provides the Secretary of State the flexibility to address such unanticipated events without having to redirect funds from existing priorities. For FY 2001, \$18 million in Economic Support Funds (ESF) is requested to support democratization and human rights efforts world-wide of the types listed below. Funds will also be used to leverage other contributions for programs developed through the Community of Democracies Initiative, which is to be launched at a ministerial meeting in Warsaw in June 2000. This will be the first-ever meeting of governments that have chosen the democratic path. The purpose of the initiative is to find creative ways to protect threatened democracies, coordinate donor assistance, and share lessons about building democratic institutions.

The HRDF supports four specific objectives:

1. To respond to human rights emergencies in order to forestall the outbreak of abuses or to prevent further abuses. In Kosovo, the HRDF is supporting efforts of the American Bar Association to document war crimes, as well as the International Commission on Missing Persons to search for the approximately 15,000 missing persons.
2. To respond to democratization emergencies in order to protect a threatened democracy, or to exploit an unanticipated opening in an authoritarian regime. In Indonesia, the HRDF supported various organizations associated with the landmark elections following the fall of Suharto's 30-year dictatorship and the historic referendum on the political future of East Timor.

Global Programs

3. To implement a peace settlement by helping establish national institutions that serve human rights and democracy. In Bosnia, the HRDF has supported the critically important post-conflict work of the Bosnia Human Rights Commission, the International Commission on Missing Persons, and the International Criminal Tribunal for the Former Yugoslavia. These institutions have worked at the grassroots level to reunite families, account for missing persons, bring to justice persons indicted for war crimes during the Bosnian conflict, and address human rights violations that continue to occur.
4. To support multilateral initiatives that strengthen the capacity of the international community to respond to human rights and democratization opportunities. The HRDF is supporting the National Democratic Institute's Emerging Democracies Forum, which has brought together leaders of 16 new democracies to establish a network of mutual assistance. The Forum provides a public dialogue for leaders to share their experiences in making the transition to democracy, with the goal of assisting each other in creating an open civil society, holding free and fair elections, strengthening the rule of law, and carrying out economic reform.

INTERNATIONAL ATOMIC ENERGY AGENCY
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	40,000	43,000	47,000

National Interests:

The International Atomic Energy Agency (IAEA) serves as a fundamental barrier to the spread of nuclear weapons. Its program of international safeguards monitors the presence and use of nuclear material worldwide, providing assurance that nuclear material is being used exclusively for peaceful purposes. The United States has strongly supported the IAEA since its creation in 1957.

Objectives and Justification:

For FY 2001, the Administration is requesting \$47 million for a voluntary contribution to the IAEA to support implementation of strengthened safeguards; continue development of more advanced safeguards technology and procedures; combat nuclear smuggling; and strengthen nuclear safety measures around the world. Over the past twenty years, demands on safeguards have risen steadily, both in terms of the number of nuclear facilities subject to safeguards as well as the volume of nuclear material under safeguards. At the same time, safeguards standards have become much more rigorous, due in large measure to U.S. leadership. The proposed \$4 million increase will permit the IAEA to deal more with safeguards needs, particularly in replacing outdated equipment and supporting on-going development of new safeguards techniques.

In addition, the proposed increase will allow modest support for vital nuclear safety programs in Eastern Europe and the former Soviet Union and for combating smuggling of nuclear materials. The U.S. voluntary contribution will help strengthen the IAEA's operations, meet other critical nonproliferation needs, and support development of new measures to verify that nuclear materials removed from nuclear weapons by the United States and Russia are not re-used for weapons. Finally, the U.S. voluntary contribution will support projects, training, fellowships and equipment through the IAEA's Technical Cooperation Program in countries that are party to the Nuclear Non-Proliferation Treaty.

Specific projects planned for FY 2001 may include:

- Sustaining adequate inspection of the fabrication of mixed oxide nuclear fuel (a critical option for disposition of stocks of excess nuclear weapons plutonium);
- Installing unattended radiation monitoring equipment (in part for use at a new uranium enrichment facility in China that will be under international inspection);

Global Programs

- Installing updated optical surveillance systems used worldwide;
- Effectively conducting spent-fuel monitoring worldwide;
- Updating equipment for the Safeguards Analytic Laboratory, particularly for analysis of environmental samples;
- Upgrading computers/communication, particularly for remote monitoring and satellite imagery; and
- Training national authority and facility operator personnel in the application of upgraded safeguards.

PARTNERSHIPS TO ELIMINATE SWEATSHOPS
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
ESF	--	4,000	5,000

National Interests:

There is increasing concern among the American public, including U.S. consumers, labor unions, universities and corporations, that consumer goods sold in the U.S. market are produced under sweatshop conditions in foreign factories. One important component of the effort to eliminate sweatshops is the fostering of partnerships by concerned private sector actors to address these problems. These efforts serve our national interests by promoting democracy and economic development abroad and reinforcing the domestic consensus in support of international economic and political engagement.

Objectives and Justification:

This program, beginning in FY 2000, facilitates partnerships with non-governmental organizations (NGOs), universities, organized labor and corporate alliances to allow a variety of approaches to address unacceptable working conditions around the world to be developed and evaluated. Corporate codes around the world are many and varied, and independent monitoring of enforcement of codes has just begun on a small scale. Funds will be used to develop monitoring efforts, to train and accredit monitoring agencies, and to target countries and industries where the greatest problems exist. This effort complements other efforts being made to bring countries and companies into full compliance with the 1998 ILO Declaration of the Fundamental Principles and Rights at Work. The overall objectives are to eliminate forced labor, child labor, violations of freedom of association and the right to collective bargaining, minimum wage violations, harassment, discrimination, substandard health and safety conditions, and abusive work schedules in manufacturing facilities overseas, especially in those that produce for the American market.

For FY 2001, \$5 million is requested to further expand and support this innovative partnership program to eliminate sweatshops. These funds will be used to make grants available to both domestic and international applicants to eliminate sweatshops through the promotion of core labor standards, corporate codes of conduct, monitoring, training, research and other efforts to combat abusive working conditions. Funds may also be used to support mechanisms that allow for communication and exchange of information among the grant recipients, in order to share lessons learned and discussion of best practices.

NONPROLIFERATION AND DISARMAMENT FUND
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	14,990	15,000	15,000

National Interests:

Stemming the proliferation of weapons of mass destruction (WMD) is a key national security objective. The Nonproliferation and Disarmament Fund (NDF) provides the flexibility and resources necessary to respond quickly and effectively to unanticipated or unusually difficult nonproliferation requirements or opportunities.

Objectives and Justification:

The Nonproliferation and Disarmament Fund (NDF) is a sharply focused fund that permits rapid response to high priority requirements or opportunities to: (1) halt the proliferation of nuclear, biological, and chemical weapons, their delivery systems, and related sensitive materials; (2) destroy or neutralize existing weapons of mass destruction, their delivery systems, and related sensitive materials; and (3) limit the spread of advanced conventional weapons and their delivery systems. Recent unanticipated events for which NDF funding has been approved include:

- Destruction of conventional arms in Moldova necessary to assist the orderly and safe withdrawal of Russian troops;
- Prompt conversion of a chemical weapons facility to civilian use; and
- Testing low enriched uranium fuel as an alternative to using highly enriched uranium in the three remaining Russian plutonium production reactors following conversion to civilian use.

The administration is requesting \$15 million for the NDF in FY 2001 to support unanticipated opportunities or projects as described above. As in prior years, up to 4.5 percent of funds may be used for administrative purposes for the NDF. To ensure the capability to respond quickly on an "as needed" basis, the Administration is requesting that NDF funds be appropriated to remain available until expended and include the necessary legislative authorities for flexibility.

SMALL ARMS DESTRUCTION
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	--	--	2,000

National Interests:

As part of its broader efforts to promote regional stability and minimize threats to civilian populations, the United States is taking an active role in destroying stockpiles of small arms and light weapons (SA/LW), such as automatic rifles, rocket propelled grenade launchers, mines, small mortars, portable rockets, and associated ammunition. These weapons claim hundreds of thousands of lives and displace millions of civilians every year. Forty six of the forty-nine regional conflicts occurring in the 1990s, for example, were fought using illicit SA/LW, primarily of Cold War origin.

SA/LW stockpiles contribute to the uncontrolled proliferation and misuse of relatively cheap, accessible weapons in the international illicit arms market, in turn exacerbating regional and civil conflicts, contributing to political instability, facilitating crime, and hindering economic development, particularly in Eastern Europe and sub-Saharan Africa. By supporting the international effort to reduce SA/LW stockpiles, the United States is helping preclude their use in attacks on U.S. and allied peacekeepers involved in international peacekeeping missions, counter-drug forces, and police forces; minimize civil and regional conflicts; strip criminals, insurgents and terrorists of easy access to weapons; facilitate implementation of peace agreements; and remove impediments to local economic development. Germany, Norway, and South Africa have already begun to contribute to this effort.

Objectives and Justifications:

For FY 2001, the Administration is requesting \$2 million in NADR for SA/LW destruction in select Eastern European and African nations that have specifically requested assistance in destroying their stockpiles. Bulgaria, along with Albania, Macedonia, Moldova, and four other countries in the region, signed the Stability Pact Declaration on Small Arms and Light Weapons in November 1999, which calls for signatories to destroy SA/LW confiscated from illicit transfers and surplus to defense needs. FY 2001 funds may be used to destroy the 3400 tons of small arms and light weapons surplus to defense needs in Ukraine, Albania, Bulgaria, Moldova, and Macedonia. Additionally, Sierra Leone has also committed to destroy weapons as part of the agreement ending its civil war. To help protect this fragile peace agreement, FY 2001 NADR funds may be used to destroy the 600 tons of surplus weapons collected in Sierra Leone and Guinea-Bissau.

Global Programs

The following table displays the potential countries for the FY 2001 small arms destruction program. Destruction costs, which average \$500 per ton, may vary according to types and numbers of weapons, access to transportation, environmental regulations, labor, and presence and amount of ammunition.

FY 2001 Small Arms Destruction Program

Country	Estimated Tonnage to be Destroyed	Estimated Total Cost
Ukraine	800	400,000
Bulgaria	650	325,000
Albania	650	325,000
Macedonia	650	325,000
Moldova	650	325,000
Sierra Leone	350	175,000
Guinea-Bissau	250	125,000
TOTAL	4,000	2,000,000

TERRORIST INTERDICTION PROGRAM
(\$ in thousands)

Account	FY 1999 Actual	FY 2000 Estimate	FY 2001 Request
NADR	--	5,000	4,000

National Interests:

The United States has a major interest in preventing terrorists from crossing international borders to attack innocent civilian populations or to disrupt the internal stability of friendly countries. The Terrorist Interdiction Program (TIP) is designed to help stave off the undetected travel of terrorists across international borders into high risk countries that have little or no means of quickly identifying such persons. TIP complements existing anti-terrorism training programs by providing additional systems, incorporating computerized data based programs and fast transmission of information, to interdict potential terrorists and their weapons trying to cross international borders. In doing so, the TIP helps bolster the security of Americans both domestically and abroad.

Objectives and Justification:

The TIP is intended to make it more difficult for terrorists to enter vulnerable countries by establishing a multiple layered barrier program comprised of three major related elements: border monitoring using lookout systems and passport scrutiny, updated data bases and communications systems, and development of appropriate equipment to detect weapons. This program focuses on vulnerable countries that are key transportation hubs or otherwise important international crossroads identified by intelligence analysis and interagency assessment teams. As demonstrated by the bombings in East Africa in 1998 and the recent indications of increased movements by various terrorist groups, intercepting terrorists before they can move into position is key to preventing terrorist activities.

There are three major elements to the program:

Border Monitoring Program (\$2.5 million)

Many third world countries lack basic systems for rapidly identifying and accessing records of persons entering and leaving their country. The program involves establishing and helping maintain computerized systems for checking the passports and visas and other identifying travel documents of persons arriving and departing through airports and other points of entry. These systems use a centralized computerized data bank, or National Central Bureau, in the participating country's appropriate government agency, with high speed secure connections to the airports or other points of entry for fast and accurate checking of passports and visas for the purpose of identifying terrorist suspects.

Global Programs

The system would allow quick retrieval of information on persons who may be trying to hastily depart a country after a terrorist incident. The TIP has been developed in consultation with various agencies, such as INS, who have similar programs for their own missions domestically and internationally, drawing upon their software development where possible. The program would use commercially available computers and related equipment.

To complement the computerized screening, TIP, working through the Anti-terrorism Assistance (ATA) program, will provide related courses, in training immigration officials to identify possible suspects and fraudulent documents through "low tech" equipment for examining possibly fraudulent travel documents. This training will be supplemented, where conditions are appropriate, with the more traditionally provided ATA programs such as patrolling land borders and physical security of airport facilities.

The funding would provide for TIP implementation in up to half a dozen nations, primarily in Africa, building upon the development work that was initiated in FY 2000. As funding permits, programs are also contemplated for Central Asia and perhaps key transportation points in other regions, such as Southeast Asia and Latin America.

Updating Communications (\$1.0 million)

The second part of the system provides an updated communications link from a centralized source to the participating country's national database, as many of underdeveloped countries do not have good information sources of their own. The databases would draw from a variety of sources. An essential element is an up-to-date INTERPOL system, upgraded to be able to transmit fingerprints, photos and other graphics on a real time basis. The United States will contribute up to \$1 million in additional seed money to leverage INTERPOL's modernization of its communications system, expanding the upgraded links beyond the initial African countries planned for FY 2000 into the next focus activity, Central Asia. The upgraded INTERPOL links financed by the U.S. would be connected to countries selected by the U.S. for participation in the TIP.

The INTERPOL network already links U.S. law enforcement at the federal, state and local level with police in 177 other member countries. An upgraded system would improve INTERPOL's ability to rapidly collect and disseminate sensitive information, particularly fingerprints and other graphic images, through its international communications system. It also allows for regional and world-wide dissemination information on individuals or other types of information such as stolen passports and terrorists methods of operation. Other nations have pledged contributions to the effort to improve INTERPOL's data information systems, including Japan (\$1 million) and France (\$1 million annually for five-years).

Weapons Detection Equipment (\$0.5 million)

The third component of TIP is intended to make smuggling of weapons and explosives more difficult as terrorists attempt to cross international boundaries. The FY 2001 program would support continued research and development of counterterrorism equipment for provision and training of foreign security officials. The interagency National Counterterrorism Research and Development program would coordinate and develop TIP equipment that can be used in the developing world for detecting weapons, explosives, chemical and biological agents plus countermeasures and equipment to counter the threat posed by these materials.

A special emphasis would be placed on portable, easily used equipment to detect chemical agents, a PC-based training tool to assist bomb technicians, and an explosives containment system for use at airports or inspection stations. The Chemical Agent Detection and Sampling Kit would enable first responders to rapidly identify the presence of chemical agents. The Enhanced Bomb Detection Training System would develop a multimedia tool to assist bomb technicians in diagnostics and rendering safe improvised explosive devices or vehicle bombs. The Explosives Containment System would develop for use at airports or other inspection stations a lightweight and mobile containment system for safely handling explosives in average size suitcases or containers.

IV. SUPPORTING INFORMATION

Arms Control Considerations
Estimating Foreign Military Sales
Foreign Military Sales Administrative Costs
Overseas Military Program Management
Excess Defense Articles
Leased Defense Articles
Stockpiling of Defense Articles for Foreign Countries
Countries and International Organizations Eligible for Purchasing Defense Articles
Commercial Exports Licensed or Approved under the Arms Export Control Act
End Use Monitoring Programs
Military Funding
Legislative History of Authorizations and Appropriations
All Spigots by Appropriation Account
Glossary of Acronyms

ARMS CONTROL CONSIDERATIONS

Arms transfers continue to be an indispensable U.S. policy instrument for exerting constructive leadership in advancing international peace and security in the post-Cold War era. Military assistance also serves to increase the number of states with democratic political institutions and free market economies. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate enduring interest in the security of friends and allies. New and creative uses of security assistance, such as the worldwide Nonproliferation and Disarmament Fund, promote bilateral and multilateral efforts to control the spread of missiles, nuclear and chemical/biological weapons, and destabilizing conventional arms transfers. These mutually-reinforcing approaches to international security promote regional and global stability by enhancing the deterrent and defense capabilities of U.S. friends and allies, and actively advancing U.S. nonproliferation and arms control objectives.

The U.S. military assistance program complements U.S. arms control policy of promoting international security through negotiation and support for bilateral, regional, and multilateral agreements and arrangements, and assuring compliance with existing agreements. It also enhances the U.S. ability to limit the proliferation of potentially destabilizing weapons, especially in regions of tension and conflict, by giving countries other means for ensuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability. Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies and friends deter and defend against aggression, and U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction, their delivery systems, and destabilizing conventional arms. By enhancing stability, security assistance programs also help improve prospects for meaningful bilateral and multilateral arms control measures.

The President's arms transfer policy requires the careful, case-by-case evaluation of each request for arms in terms of its contributions to foreign policy and national security. The arms control implications of each transfer are essential elements of this evaluation. Each transfer is specifically reviewed for its impact upon U.S. arms control and nonproliferation objectives. Such a review considers, *inter alia*:

- whether a proposed transfer is consistent with U.S. interests in maintaining or enhancing stability within the region;
- whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources;
- the impact of the proposed transfer on our nonproliferation goals; and
- whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional security interests and objectives.

Supporting Information

When necessary, the reviews draw on the expertise of the Department of State's Arms Control and Nonproliferation Bureaus to assess the impact on arms control and non-proliferation policies and negotiations in these areas. Whenever appropriate, these issues are referred to senior Administration officials, beginning with those in the Department of State, to ensure that decisions on arms transfers complement and support U.S. national security policies and objectives.

ESTIMATING FOREIGN MILITARY SALES

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOA's) signed in FY 1999, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2000 and FY 2001. These estimates are derived through an analysis of each country under conditions of extreme uncertainty. Projections are based on: analysis of expectations of interests by potential purchasers which may not result in official requests; judgments of which requests may be approved and which may result in actual sales offers after completion of a thorough, and often lengthy, U.S. Government review process; and a judgment not only of how essential the military equipment or defense service is to the country's defense needs, but also of whether the purchase will be approved during the purchasing country's budget process. Projections include an estimate of potential requests for major increases in scope (amendments) to prior-year cases. These amendments are reflected as a sale in the current fiscal year. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. (Further information is provided in the classified annex to this document).

Each phase of the request/offer/acceptance process has many variables that make it difficult to determine exactly when--or even if--a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next. In addition, U.S. agreements cannot always be segregated on a cash or financing basis when Letters of Acceptances are concluded by purchasing countries. Also, for countries eligible for U.S. financing, it is not always possible to determine until full payment has been made how much of that payment was U.S.-financed.

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(\$ in thousands)

	ACTUAL FY 1999			ESTIMATED	
	ARTICLES/ SERVICES	CONSTR/ DESIGN	TOTAL	FY 2000	FY 2001
Africa:					
Angola	-	-	-	1,000	500
Benin	-	-	-	300	300
Botswana	365	-	365	650	750
Cameroon	-	-	-	8	-
Cape Verde	1	44	45	100	30
Central African Rep	-	-	-	160	-
Chad	500	-	500	1,150	400
Cote d'Ivoire	1,200	-	1,200	500	300
Eritrea	-	-	-	2,428	2,912
Ethiopia	-	-	-	1,500	1,500
Gabon	-	-	-	68	-
Gambia	-	-	-	-	100
Ghana	2,155	-	2,155	3,540	100
Guinea	58	-	58	30	30
Kenya	71	-	71	4,000	1,200
Malawi	-	-	-	1,150	900
Mali	-	-	-	680	600
Mauritania	-	-	-	-	100
Mozambique	-	-	-	500	500
Namibia	30	-	30	350	450
Niger	-	-	-	-	290
Nigeria	231	-	231	2,300	1,300
Rwanda	-	-	-	350	700
Sao Tome & Principe	-	-	-	150	100
Senegal	1,276	-	1,276	13,030	-
Sierra Leone	-	-	-	180	180
South Africa	388	-	388	575	500
Tanzania	-	-	-	100	150
Uganda	-	-	-	1,900	1,900
Zambia	-	-	-	-	50
Zimbabwe	-	-	-	350	350
Regional Total	6,275	44	6,319	37,049	16,192
Western Hemisphere:					
Antigua-Barbuda*	-	-	-	330	330
Argentina	12,494	-	12,494	11,700	7,680
Bahamas, The	36	-	36	140	140
Barbados*	-	-	-	350	350

Supporting Information

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(\$ in thousands)

	ACTUAL FY 1999			ESTIMATED	
	ARTICLES/ SERVICES	CONSTR/ DESIGN	TOTAL	FY 2000	FY 2001
Belize	791	-	791	200	200
Bolivia	-	-	-	2,500	2,500
Bolivia – Intl. Narc.	1,787	-	1,787	6,500	8,000
Brazil	14,769	-	14,769	24,000	78,300
Canada	76,918	-	76,918	98,000	101,800
Chile	4,206	-	4,206	486,500	61,500
Colombia	3,420	-	3,420	252,000	18,000
Colombia – Intl. Narc.	1,099	-	1,099	100,000	100,000
Costa Rica	-	-	-	1,750	680
Dominica*	-	-	-	120	120
Dominican Republic	441	-	441	510	460
Ecuador – Intl. Narc.	655	-	655	3,410	3,410
El Salvador	337	-	337	2,990	870
Grenada*	-	-	-	120	120
Guyana	-	-	-	2,300	7,000
Haiti	-	-	-	400	400
Honduras	566	-	566	8,000	8,000
Jamaica	165	-	165	650	650
Mexico	5,651	-	5,651	20,000	23,000
Panama	222	-	222	590	150
Paraguay	30	-	30	75	75
Peru	30	-	30	3,700	3,700
Peru – Intl. Narc.	157	-	157	-	-
St. Kitts and Nevis*	212	-	212	120	120
St. Lucia*	-	-	-	220	200
St. Vincent & Grenadines*	3	-	3	120	120
Trinidad & Tobago	-	-	-	425	425
Uruguay	1,033	-	1,033	1,530	2,150
Venezuela	9,564	-	9,564	10,000	10,000
Regional Total	134,586		134,586	1,039,250	440,450
East Asia & Pacific:					
Australia	422,460	-	422,460	357,000	151,000
Cambodia	200	-	200	2,000	2,000
Indonesia	1,638	-	1,638	-	-
Japan	226,450	-	226,450	438,588	467,841
Laos	-	-	-	2,000	2,000
Malaysia	30,683	-	30,683	11,000	8,000
Mongolia	-	-	-	-	-
New Zealand	119,567	-	119,567	30,900	27,900
Philippines	9,803	-	9,803	42,000	55,200
Singapore	680,943	-	680,943	293,000	970,000

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(\$ in thousands)

	ACTUAL FY 1999			ESTIMATED	
	ARTICLES/ SERVICES	CONSTR/ DESIGN	TOTAL	FY 2000	FY 2001
South Korea	510,615	-	510,615	800,000	700,000
Taiwan	559,401	-	559,401	550,000	550,000
Thailand	45,996	51	46,047	83,500	71,000
Regional Total	2,607,756	51	2,607,807	2,609,988	3,009,941
Europe and the NIS:					
Albania	1,512	-	1,512	5,400	2,800
Austria	5,804	-	5,804	179,000	3,000
Belgium	60,194	-	60,194	59,000	67,000
Bosnia-Herzegovina	3,470	-	3,470	4,000	4,000
Bulgaria	1,005	-	1,005	19,200	21,500
Czech Republic	8,831	-	8,831	8,500	10,000
Denmark	116,300	-	116,300	125,000	90,000
Estonia	2,658	-	2,658	19,000	15,750
Finland	4,097	-	4,097	238,000	23,000
France	67,413	-	67,413	140,000	300,000
Georgia	3,029	-	3,029	10,500	3,200
Germany	287,479	-	287,479	200,000	200,000
Greece	393,111	-	393,111	1,187,000	600,000
Hungary	6,012	-	6,012	8,464	15,000
Ireland	45	-	45	-	-
Italy	39,859	-	-	-	-
Kazakhstan	-	-	-	-	1,500
Kyrgyzstan	901	-	901	1,500	1,500
Latvia	2,871	-	2,871	11,095	17,395
Lithuania	393	-	393	10,000	9,000
Luxembourg	2,407	-	2,407	2,000	400
Macedonia	3,529	-	3,529	5,000	5,100
Malta	-	-	-	300	-
Moldova	2,255	-	2,255	1,500	1,900
Netherlands	96,035	-	96,035	523,900	565,150
Norway	52,850	-	52,850	62,500	175,000
Poland	24,140	-	24,140	41,700	30,000
Portugal	313,362	-	313,362	10,030	25,500
Romania	11,118	-	11,118	10,300	7,000
Russia	-	-	-	4,500	1,500
Slovakia	2,637	-	2,637	3,500	3,000
Slovenia	1,912	-	1,912	117,650	12,450
Spain	336,557	-	336,557	267,500	838,000
Sweden	613	-	613	3,000	3,000
Switzerland	82,594	-	82,594	10,000	15,000
Turkey	358,295	-	358,295	385,400	397,000

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(\$ in thousands)

	ACTUAL FY 1999			ESTIMATED	
	ARTICLES/ SERVICES	CONSTR/ DESIGN	TOTAL	FY 2000	FY 2001
Turkmenistan	-	-	-	600	600
Ukraine	864	-	864	4,000	4,000
United kingdom	116,248	-	116,248	162,400	172,400
Uzbekistan	2,604	-	2,604	1,600	1,600
Regional Total	2,413,004	-	2,413,004	3,912,839	3,717,745
Near East & South Asia:					
Algeria	303	-	303	500	500
Bahrain	11,617	-	11,617	153,000	87,800
Egypt	1,944,431	179,729	2,124,160	1,300,000	1,392,000
Israel	2,320,420	-	2,320,420	1,391,000	490,000
Jordan	10,445	-	10,445	158,600	176,200
Kuwait	465,745	12,359	478,104	360,000	1,054,000
Lebanon	257	-	257	500	500
Morocco	3,656	-	3,656	7,300	7,000
Oman	4,244	-	4,244	2,000	2,000
Saudi Arabia	1,368,794	20,000	1,388,794	1,276,950	2,078,600
Tunisia	1,557	-	1,557	4,900	4,000
United Arab Emirates	47,959	-	47,959	167,000	2,450,000
Yemen	300	-	300	314	5,000
Regional Total	6,179,728	212,088	6,391,817	4,822,064	7,747,600
Non-Regional:					
Classified Totals (A)	596,179	-	569,179	693,000	693,000
International Org.	57,727	-	57,727	77,730	80,500
Non-Regional Total	653,906	-	653,906	770,730	773,500
Worldwide Total(B)	11,995,255	212,183	12,207,438	13,191,920	15,705,428
Note: Totals May Not Add Due To Rounding.					
* These countries comprise the Eastern Caribbean. See Eastern Caribbean programs					
(A) For Further Information, Please See Classified Annex To This Document.					
(B) These totals exceed those in the President's budget as additional information became available after the FY 2001 Budget was submitted to Congress.					

FOREIGN MILITARY SALES ADMINISTRATIVE COSTS

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of 2.5 percent is applied to most FMS cases. A five percent rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of 3.1 percent is also applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies. These administrative funds, collected from the FMS customer, are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation, procurement, program control, ADP operations, accounting, budgeting and other financial and program management. A majority of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The Foreign Operations, Export Financing and Related Programs Appropriations Act of 2000, P.L. 106-79, included for FY 2000 only, a ceiling of \$330 million on obligations of FMS administrative funds. Because of changes to the FY 2000 DOD Appropriations Act, requiring the FMS Administrative Account to reimburse for military personnel involved in administering the FMS program, this ceiling needed to be increased to \$406 million and appropriate notifications have been provided to Congress. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account.

In FY 2001, \$340 million is required. Fewer work years will be financed in FY 2001 versus prior years, lowering payroll costs for FMS management. Payroll reduction, however, continue to be partially offset by the cost to develop a single FMS management information system and FMS business process improvements.

The table that follows shows FMS administrative budget amounts for FY's 1999 - 2001.

Supporting Information

FMS ADMINISTRATIVE COSTS/WORKYEARS
(\$ in millions)

	Actual FY 1999		Estimated FY 2000		Proposed FY 2000	
	Workyears	\$	Workyears	\$	Workyears	\$
Military Departments	3,150	216.56	2,990	276.5	2,897	208.617
Other Defense Activities	838	101.28	799	105.536	784	102.645
SAOs (Net)	324	22.163	331	23.964	323	23.738
Total	4,312	340	4,120	406	4,004	335

Note: P.L. 106-79, FY 2000 DoD Appropriations Act, suspended Section 43(a) of the AECA for FY 2000. As a result, \$63M will be reimbursed to the Military Department's military appropriations.

OVERSEAS MILITARY PROGRAM MANAGEMENT

United States military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals, along with U.S. civilians and local national civilians serve under the direction and supervision of the Chiefs of U.S. Diplomatic Missions. The SAO provides liaison among the Mission, the Department of Defense, and the host country defense establishment in security assistance matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute training programs and to accomplish realistic and effective procurement actions. These efforts are key to the development of a defense infrastructure capable of integrating weapons and support systems into the existing force structure. Professional exchanges and cooperative planning contribute to effective and efficient country security assistance programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the regional area military Commanders-in-Chief to ensure that SAOs are properly staffed to conduct their missions efficiently. These reviews have resulted in a reduction of total SAO personnel authorizations from the 697 (Actual for FY 1998) reported in last year's CPD to 654 Actual for FY 1999.

In FY 2000, separate SAOs will be assigned to fifty-five countries. In forty four additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security assistance relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 1999 and the estimated levels for FY 2000 and FY 2001. Actual assigned strengths for FY 2000 and FY 2001 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

Supporting Information

The following is a glossary of Organizations assigned to U.S. Diplomatic Missions overseas that manage host country security assistance programs:

U.S. Security Assistance Organizations

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
NLO	Navy Liaison Office
ODC	Office of Defense Cooperation
ODR	Office of Representative
ODRP	Office of Defense Representative - Pakistan
OMC	Office of Military Cooperation
OMC-K	Office of Military Cooperation - Kuwait
SAO	Security Assistance Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission

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OVERSEAS MILITARY PROGRAM MANAGEMENT - COSTS
(\$ in thousands)

	ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
		FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Africa:										
Angola	DAO	9	0	9	8	1	9	8	1	11
Benin	EMBASSY	56	0	56	74	0	74	76	0	76
Botswana	ODC	366	80	446	343	80	423	354	83	437
Cameroon	DAO	9	1	10	10	1	11	1	1	11
Cape Verde	EMBASSY	10	0	10	11	0	11	11	0	11
Chad	DAO	34	9	43	37	9	46	38	10	48
Cote d'Ivoire	DAO	10	1	11	11	1	12	11	1	12
Djibouti	USLO	352	0	352	348	0	348	360	0	360
Eritrea	USLO	157	85	242	106	106	213	111	111	221
Ethiopia	DAO	100	54	154	46	69	115	47	71	119
Gabon	EMBASSY	7	0	7	8	0	8	8	0	8
Ghana	EMBASSY	39	4	43	53	6	59	55	6	61
Guinea	EMBASSY	6	1	7	7	1	8	7	1	8
Kenya	KUSLO	460	153	613	484	208	692	536	230	766
Lesotho	EMBASSY	10	0	10	11	0	11	11	0	11
Madagascar	EMBASSY	28	0	28	22	0	22	23	0	23
Malawi	DAO	30	7	37	30	8	38	31	8	39
Mali	EMBASSY	9	0	9	11	0	11	11	0	11
Mozambique	DAO	9	1	10	9	2	11	10	2	12
Namibia	EMBASSY	38	9	47	41	10	51	42	11	53
Rwanda	DAO	25	3	28	25	3	28	26	3	29
Senegal	DAO	240	60	300	240	60	301	250	62	312

OVERSEAS MILITARY PROGRAM MANAGEMENT – COSTS
(\$ in thousands)

ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
	FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Seychelles	25	0	25	30	0	30	31	0	31
South Africa	208	37	244	210	37	247	217	38	255
Tanzania	5	1	6	5	1	6	6	1	7
Uganda	11	0	11	12	0	12	12	0	12
Zambia	11	0	11	12	0	12	12	0	12
Zimbabwe	9	1	10	10	1	11	10	1	11
Regional Total	2,272	507	2,779	2,215	604	2,819	2,326	640	2,966
Western Hemisphere:									
Argentina	321	158	479	329	162	491	340	168	508
Bahamas	37	2	39	38	4	42	39	4	43
Belize	221	107	328	179	87	266	185	90	275
Bolivia	566	305	870	562	302	864	577	311	888
Brazil	359	220	579	304	203	506	314	209	523
Canada	0	61	61	0	59	59	0	61	61
Chile	237	107	344	215	106	320	222	109	331
Colombia	652	425	1,077	627	338	965	660	355	1,015
Costa Rica	191	21	212	236	26	262	244	27	271
Dominican Republic	282	94	376	192	64	256	199	66	265
Eastern Caribbean	366	23	389	392	80	472	403	83	486
Ecuador	275	118	393	281	120	401	290	124	414
El Salvador	413	338	751	343	281	625	355	290	645
Guatemala	187	41	228	160	40	200	165	41	207
Haiti	278	150	428	270	133	403	277	136	413
Honduras	433	265	698	348	223	571	296	190	486

OVERSEAS MILITARY PROGRAM MANAGEMENT - COSTS
(\$ in thousands)

ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
	FMS	FMS	FMS	FMS	FMS	FMS	FMS	FMS	TOTAL
	COSTS	COSTS	TOTAL	COSTS	COSTS	TOTAL	COSTS	COSTS	TOTAL
Jamaica	285	153	438	239	129	368	247	133	380
Mexico	217	178	395	242	161	403	250	167	417
Nicaragua	0	0	0	13	0	13	13	0	13
Panama	108	72	180	74	61	180	77	63	140
Paraguay	239	25	264	244	27	271	253	28	281
Peru	498	32	530	524	28	552	541	28	570
Suriname	0	0	0	16	0	16	17	0	17
Trinidad & Tobago	21	3	24	41	7	49	44	8	51
Uruguay	311	104	414	273	91	364	282	94	377
Venezuela	313	154	467	275	148	423	284	153	437
Regional total	6,809	3,155	9,964	6,416	2,880	9,296	6,574	2,940	9,513
East Asia & Pacific:									
Australia	18	161	179	19	169	188	19	175	194
Cambodia	34	8	42	38	10	48	40	10	50
China	20	0	20	10	0	10	10	0	10
Fiji	16	0	16	13	0	13	13	0	13
Indonesia	502	125	627	425	106	531	440	110	550
Japan	54	1,028	1,082	47	890	937	48	919	967
Malaysia	262	174	436	244	162	406	231	189	419
Mauritius	31	0	31	33	0	33	34	0	34
Mongolia	57	0	57	75	0	75	78	0	78
New Zealand	0	19	19	0	13	13	0	13	13
Philippines	380	253	633	412	222	634	426	229	655
Singapore	176	527	702	176	528	704	182	545	727

OVERSEAS MILITARY PROGRAM MANAGEMENT – COSTS
(\$ in thousands)

ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
South Korea	797	975	1,772	1,298	699	1,997	824	1,235	2,059
Thailand	749	500	1,249	778	519	1,297	803	535	1,338
Regional Total	3,095	3,770	6,865	3,568	3,318	6,886	3,147	3,960	7,107
Europe:									
Albania	132	73	204	76	50	126	78	52	130
Austria	113	113	225	102	102	204	105	105	211
Belarus	31	0	31	46	0	46	47	0	47
Belgium	104	417	521	106	424	530	109	437	547
Bosnia	83	35	118	120	52	172	125	53	178
Bulgaria	94	94	188	117	117	233	121	121	242
Croatia	189	0	189	202	0	202	209	0	209
Czech Republic	135	135	269	149	149	297	153	153	307
Denmark	82	327	409	88	348	436	91	359	450
Estonia	113	59	172	127	68	195	132	71	202
Finland	0	19	19	2	19	21	0	22	22
France	0	561	561	0	569	569	0	587	587
Georgia	42	11	53	53	18	71	203	68	270
Germany	0	846	846	0	869	869	0	900	900
Greece	577	865	1,441	589	848	1,437	637	845	1,482
Hungary	161	121	282	179	147	326	185	151	337
Italy	120	629	748	107	608	715	111	630	741
Kazakhstan	175	0	175	210	0	210	237	0	237
Kyrgyzstan	201	0	201	173	0	173	186	0	186

OVERSEAS MILITARY PROGRAM MANAGEMENT – COSTS
(\$ in thousands)

ORG.	ACTUAL FY 1999		ESTIMATED FY 2000		PROPOSED FY 2001	
	FMF COSTS	FMS COSTS	FMF COSTS	FMS COSTS	FMF COSTS	FMS COSTS
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Latvia	108	34	142	116	155	120
Lithuania	108	36	144	116	166	120
Luxembourg	3	23	25	3	30	3
Macedonia	122	66	187	115	191	118
Moldova	14	1	15	46	51	221
Netherlands	81	326	407	78	391	61
Norway	60	224	283	59	297	61
Poland	327	176	504	346	524	341
Portugal	331	404	735	326	816	321
Romania	156	17	173	284	315	293
Russia	230	0	230	209	232	217
Slovakia	79	79	157	71	141	73
Slovenia	83	58	140	87	147	89
Spain	231	283	514	220	523	216
Sweden	0	8	8	0	13	0
Switzerland	0	8	8	0	16	0
Turkey	1,503	1,280	2,783	1,535	2,987	1,475
Turkmenistan	28	0	28	21	23	21
Ukraine	234	51	285	214	268	208
United Kingdom	0	177	177	0	169	0
Uzbekistan	39	0	39	39	39	40
Regional Total	6,088	7,558	13,646	6,330	14,326	8,481
Near East & South Asia:						
Bahrain	285	334	619	295	361	412
OMC					656	412
						824
						15,309

OVERSEAS MILITARY PROGRAM MANAGEMENT – COSTS
(\$ in thousands)

ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
	FMF	FMS	TOTAL	FMF	FMS	TOTAL	FMF	FMS	TOTAL
Bangladesh	59	20	79	59	20	78	60	20	80
Egypt	1,191	2,531	3,722	1,101	2,583	3,684	1,104	2,680	3,784
India	209	0	209	215	0	215	221	0	221
Israel	0	101	101	0	84	84	0	86	86
Jordan	327	607	934	287	669	955	296	691	987
Kuwait	51	414	465	55	447	502	41	476	517
Lebanon	328	219	547	273	182	455	281	187	468
Morocco	509	127	636	522	131	653	540	135	675
Nepal	48	1	49	50	1	51	51	1	53
Oman	333	307	640	324	300	624	316	316	632
Pakistan	389	39	429	529	28	557	543	29	571
Qatar	157	192	350	142	173	315	146	178	324
Saudi Arabia	0	1,406	1,406	0	1,745	1,745	0	1,779	1,779
Sri Lanka	47	16	63	51	17	68	53	18	70
Tunisia	432	213	645	475	234	709	489	241	730
United Arab Emir.	56	645	701	63	729	792	57	758	816
Yemen	13	0	13	20	0	20	20	0	20
Regional Total	4,436	7,173	11,609	4,461	7,701	12,163	4,632	8,006	12,638
WORLDWIDE TOTAL	22,700	22,163	44,863	22,990	22,500	45,490	23,505	24,028	47,533

Totals may not add due to rounding

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

COUNTRY	ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
		MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	TOT
Africa:										
Botswana	ODC	3	-	1	4	3	-	1	4	4
Chad	DAO a/	-	-	1	1	-	-	1	1	1
Djibouti	USLO	1	-	1	2	1	-	1	2	2
Eritrea	USLO	1	-	-	1	1	-	-	1	1
Ethiopia	DAO a/	1	-	-	1	1	-	-	1	1
Ghana	EMBASSY b/	-	1	-	1	-	1	-	1	1
Kenya	KUSLO	4	2	1	7	4	2	1	7	7
Namibia	EMBASSY b/	-	1	-	1	-	1	-	1	1
Niger	ODC	-	-	1	1	-	-	-	1	1
Rwanda	DAO a/	-	-	1	1	-	-	-	1	1
Senegal	DAO a/	1	1	2	4	1	1	1	2	4
South Africa	DAO a/	2	-	-	2	2	-	-	2	2
Regional Total		13	5	8	26	13	5	8	26	26
Western Hemisphere:										
Argentina	USMILGP	3	-	2	5	3	-	2	5	5
Barbados	USMLO c/	3	-	-	3	3	-	-	3	3
Belize	USMLO	2	-	-	2	2	-	-	2	2
Bolivia	USMILGP	5	2	2	9	5	2	2	9	9
Brazil	USMLO	4	-	-	4	4	-	-	4	4
Canada	DAO a/	1	-	1	2	1	-	1	2	2
Chile	USMILGP	1	-	2	3	1	-	2	3	3
Colombia	USMILGP	7	-	3	10	6	-	3	9	8
Costa Rica	ODR	1	-	1	2	1	-	1	2	2
Dominican Rep.	USMAAG	2	-	-	2	2	-	-	2	2

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

COUNTRY	ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
		MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT
Ecuador	USMILGP	4	1	3	4	1	3	4	1	3
El Salvador	USMILGP	4	1	4	4	1	4	4	1	2
Guatemala	USMILGP	1	-	1	1	-	1	1	-	1
Haiti	USMLO	3	-	1	3	-	1	3	-	1
Honduras	USMILGP	5	1	6	5	1	4	5	1	4
Jamaica	USMLO	2	-	-	2	-	-	2	-	-
Mexico	DAO a/	3	-	6	3	-	5	3	-	5
Panama	DAO a/	1	-	1	2	-	1	2	-	1
Paraguay	ODC	1	-	1	1	-	1	1	-	1
Peru	MAAG	3	1	5	3	1	5	3	1	5
Uruguay	ODC	1	-	3	1	-	3	1	-	3
Venezuela	USMILGP	4	2	2	2	1	2	2	1	2
Regional Total		61	8	44	59	7	41	57	7	41
				113			107			105
East Asia & Pacific:										
Australia	DAO a/	2	1	-	2	1	-	2	1	-
Cambodia	DAO a/	-	-	1	-	-	1	-	-	1
Fiji	DAO a/	-	-	-	-	-	-	-	-	-
Indonesia	DAO a/	5	-	8	4	-	7	4	-	7
Japan	MDAO	5	4	5	5	3	5	5	3	5
Malaysia	DAO a/	3	-	4	3	-	5	3	-	5
Mongolia	EMBASSY b/	-	-	1	-	-	1	-	-	1
Philippines	JUSMAG	5	1	4	5	1	4	5	1	4
Singapore	SAO	6	1	2	6	1	3	6	-	3
South Korea	JUSMAG-K	23	1	14	22	-	11	21	-	11
				38			33			32

OVERSEAS MILITARY PROGRAM MANAGEMENT – PERSONNEL STRENGTHS

COUNTRY	ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001					
		MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT
Thailand	JUSMAG	21	1	15	37	18	-	12	30	18	-	11	29
Regional Total		70	9	54	133	65	6	49	120	64	5	49	118
Europe:													
Albania	DAO a/	2	-	-	2	2	-	-	2	2	-	-	2
Austria	DAO a/	2	-	-	2	2	-	-	2	2	-	-	2
Belarus	DAO a/	-	-	-	-	-	-	-	-	1	-	1	2
Belgium	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Bosnia	DAO a/	1	-	1	2	1	-	1	2	1	-	1	2
Bulgaria	DAO a/	2	-	-	2	2	-	-	2	2	-	-	2
Croatia	DAO a/	1	1	-	2	1	1	-	2	1	1	-	2
Czech Republic	ODC	2	-	2	4	2	-	2	4	3	-	2	5
Denmark	ODC	1	1	2	4	1	1	2	4	1	1	2	4
Estonia	DAO a/	1	-	-	1	1	-	-	1	1	-	-	1
France	ODC	1	1	3	5	1	1	3	5	1	1	3	5
Georgia	DAO a/	1	-	1	2	1	-	1	2	1	-	1	2
Germany	ODC	5	2	2	9	5	2	2	9	5	2	2	9
Greece	ODC	9	3	8	20	9	3	8	20	9	3	8	20
Hungary	DAO a/	2	-	1	3	3	-	1	4	3	-	1	4
Italy	ODC	3	-	4	7	3	-	4	7	3	-	4	7
Kazakhstan	DAO a/	-	1	-	1	-	1	1	2	-	1	1	2
Kyrgyzstan	DAO a/	1	-	-	1	1	-	1	2	1	-	1	2
Latvia	DAO a/	1	-	1	2	1	-	1	2	1	-	1	2
Lithuania	DAO a/	1	-	1	2	1	-	1	2	1	-	1	2
Macedonia	DAO a/	1	-	1	2	2	-	2	4	3	-	2	5
Moldova	DAO a/	1	-	1	2	1	-	1	2	1	-	1	2
Netherlands	ODC	2	1	2	5	2	1	2	5	2	1	2	5

OVERSEAS MILITARY PROGRAM MANAGEMENT – PERSONNEL STRENGTHS

COUNTRY	ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
		MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT
Nigeria	DAO a/	-	-	-	-	-	-	2	-	2
Norway	ODC	2	-	1	2	-	1	2	-	2
Poland	ODC	3	-	3	3	-	3	3	-	3
Portugal	ODC	5	1	4	5	1	4	5	1	6
Romania	ODC	1	1	1	1	1	1	1	1	10
Russia	DAO a/	2	-	-	2	-	-	1	1	3
Slovakia	DAO a/	2	-	-	2	-	-	2	-	2
Slovenia	DAO a/	1	-	1	1	-	-	2	-	2
Spain	ODC	4	1	1	4	1	1	1	-	1
Sweden	DAO a/	-	-	-	-	-	-	4	1	6
Turkey	ODC	23	4	9	23	2	10	2	-	2
Turkmenistan	DAO a/	-	-	-	-	-	-	23	2	35
Ukraine	DAO a/	3	-	1	3	-	1	-	-	-
United Kingdom	ODC	2	1	-	2	1	-	3	-	4
Uzbekistan	DAO a/	-	-	-	-	-	-	2	1	3
Regional Total		89	19	53	91	18	57	97	18	173
Near East/South Asia:										
Bahrain	OMC	6	1	-	6	1	-	6	1	7
Bangladesh	DAO a/	-	-	1	-	-	1	-	-	1
Egypt	OMC	27	9	18	27	9	12	27	9	48
India	DAO a/	1	1	2	1	1	2	1	1	4
Israel	DAO a/	-	1	-	-	1	-	-	1	1
Jordan	MAP	8	2	4	8	2	4	8	2	14
Kuwait	OMC-K	11	2	1	11	2	1	10	2	13
Lebanon	DAO a/	1	-	3	1	-	3	1	-	4
Morocco	ODC	4	1	4	3	1	4	3	1	8

OVERSEAS MILITARY PROGRAM MANAGEMENT – PERSONNEL STRENGTHS

COUNTRY	ORG.	ACTUAL FY 1999			ESTIMATED FY 2000			PROPOSED FY 2001		
		MIL	CIV	TOT	MIL	CIV	TOT	MIL	CIV	TOT
Nepal	EMBASSY b/	-	-	1	-	-	1	-	-	1
Oman	OMC	5	1	7	5	1	7	5	1	7
Pakistan	ODRP	3	-	4	3	-	4	3	-	4
Qatar	USLO	2	1	3	2	1	3	2	1	3
Saudi Arabia	USMTM	65	3	77	65	3	77	65	2	76
Sri Lanka	DAO a/	-	-	1	-	-	1	-	-	1
Tunisia	ODC	6	1	8	6	1	8	6	1	8
United Arab Emirates	USLO	6	1	9	6	1	8	6	1	8
Regional Total		145	24	52	144	24	45	143	23	211
WORLDWIDE TOTAL		378	65	211	372	60	200	374	58	633

A/ Personnel authorized to assist the DAO with security assistance management functions.
 B/ Personnel authorized to assist the Embassy with security assistance management functions.
 C/ Manages programs for Eastern Caribbean countries.

GRANT EXCESS DEFENSE ARTICLES

Grant excess defense articles (EDA) enable the United States to meet many of its foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. Providing EDA on a grant basis, turns U.S. defense items which are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock, into instruments which meet many of our national security interests. Some of the objectives met by grant EDA are: strengthening coalitions; cementing bilateral foreign military relationships; enhancing interoperability; furthering legitimate modernization efforts of our allies; aiding in multilateral peacekeeping efforts; combating illegal narcotics production and narco-trafficking; and aiding in demining assistance programs. Furthermore, our Partnership for Peace (PfP) initiatives are greatly augmented by providing grant materiel which meets NATO standards; this equipment is readily and immediately accessible, and fulfills valid modernization and standardization needs of eligible PfP partners.

Grant EDA assists in preventing or containing armed conflict and in restoring peace and stability throughout the world; a prudent investment of no-longer needed Department of Defense items. EDA articles are transferred in an "as is, where is" condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the U.S. with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies which takes into account our proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same rigorous Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

Grant EDA has contributed to our foreign policy successes. This overage equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking, and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA supports the militaries of the newly democratic nations of Central Europe, and contributes to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments. Grant EDA has been instrumental in aiding demining activities in Southeast Asia and northern Africa. Finally, grant EDA has a positive global impact--furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform, and fighting the spread of illicit narcotics.

**GRANTS OF EXCESS DEFENSE ARTICLES IN FY 1999
UNDER THE PROVISIONS OF THE FOREIGN ASSISTANCE ACT**
(\$ in thousands)

	OFFERED		DELIVERED IN FY 1999	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
Africa:				
Ghana	120	18	-	-
Senegal	1,015	240	-	-
Regional Total	1,135	258	-	-
East Asia & Pacific:				
Philippines	27,250	8,166	-	-
Regional Total	27,250	8,166	-	-
Europe & Central Asia:				
Albania	8,251	831	6,749	663
Bosnia Herzegovina	171	51	-	-
Estonia	14,500	5,614	-	-
FYROM	10,029	2,188	1,882	933
Greece	512,565	96,507	105,156	5,258
Hungary	483	76	483	76
Latvia	13,200	5,280	-	-
Lithuania	1,105	95	-	-
Portugal	41,299	11,102	25,305	10,039
Turkey	191,798	16,476	80,503	5,275

**GRANTS OF EXCESS DEFENSE ARTICLES IN FY 1999
UNDER THE PROVISIONS OF THE FOREIGN ASSISTANCE ACT**
(\$ in thousands)

	OFFERED		DELIVERED IN FY 1999	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
Regional Total	793,401	138,220	220,078	22,244
Near East & South Asia:				
Bahrain	80,798	16,962	5,937	930
Egypt	185,472	51,123	18,202	1,001
Israel	90,243	34,751	1,000	300
Jordan	246,864	42,492	-	-
Morocco	17,490	3,660	9,979	2,956
Oman	3,959	672	-	-
Sri Lanka	13,295	5,318	-	-
Tunisia	72,434	25,257	1,510	151
Regional Total	710,555	180,235	36,628	5,338
Newly Independent States				
Georgia	9,227	927	-	-
Regional Total	9,227	927	-	-
Western Hemisphere:				
Antigua	4	2	-	-
Argentina	84,921	13,329	23,466	5,321
Barbados	41	22	-	-
Bolivia	4,467	1,338	4,445	1,334

GRANTS OF EXCESS DEFENSE ARTICLES IN FY 1999
UNDER THE PROVISIONS OF THE FOREIGN ASSISTANCE ACT
(\$ in thousands)

	OFFERED		DELIVERED IN FY 1999	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
Chile	150	15	150	15
Colombia	47	24	-	-
Costa Rica	632	236	632	236
Dominica	2	1	-	-
Dominican Republic	2,635	615	1,685	567
Grenada	8	4	-	-
Honduras	814	153	814	153
Jamaica	1,150	460	1,150	460
Panama	7,673	2,492	5,459	1,385
Peru	31,364	1,568	31,364	1,568
St. Lucia	2	1	-	-
St. Vincent	2	1	-	-
Uruguay	1,440	492	1,080	432
Regional Total	135,352	20,753	70,245	11,471
WORLDWIDE TOTAL	1,676,920	348,559	326,951	39,053

SALES OF EXCESS DEFENSE ARTICLES UNDER FOREIGN MILITARY SALES IN FY 1999
(\$ in thousands)

OFFERED			DELIVERED IN 1999	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
East Asia & Pacific:				
Australia	526,375	54,640	1,750	375
Korea	69,859	10,040	-	-
Taiwan	273,790	30,526	-	-
Regional Total	870,024	95,206	1,750	375
Europe & Central Asia:				
Belgium	7,868	393	7,868	393
France	6,050	569	-	-
Greece	1,298,493	416,501	-	-
Germany	101	5	101	5
Netherlands	24	10	-	-
Norway	5,294	529	-	-
Spain	42,212	4,688	382	153
Turkey	666,707	112,096	555,474	100,202
United Kingdom	176,944	8,847	-	-
Regional Total	2,203,693	543,638	563,825	100,753

SALES OF EXCESS DEFENSE ARTICLES UNDER FOREIGN MILITARY SALES IN FY 1999
(\$ in thousands)

	OFFERED		DELIVERED IN 1999	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
Near East & South Asia:				
Lebanon	9,794	977	627	51
Morocco	97	49	-	-
United Arab Emirates	66,945	6,748	-	-
Regional Total	76,836	7,774	627	51
Non-Regional:				
NAMSA	3,000	484	3,000	484
Non-Regional Total	3,000	484	3,000	484
Western Hemisphere:				
Argentina	14,011	1,290	-	-
Brazil	112,015	11,601	2,010	600
Canada	1,497	595	939	325
Chile	22,803	3,067	22,803	3,067
Mexico	30,194	3,836	-	-
Venezuela	7,486	1,210	-	-

SALES OF EXCESS DEFENSE ARTICLES UNDER FOREIGN MILITARY SALES IN FY 1999
 (\$ in thousands)

	OFFERED		DELIVERED IN 1999	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
Regional Total	188,006	21,599	25,752	3,992
WORLDWIDE TOTAL	3,341,559	668,701	594,954	105,655

LEASED DEFENSE ARTICLES

Lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles can not be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises, or communications or electronics interface projects, the country leasing the defense articles must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the articles. These costs include reimbursement for depreciation of the articles while leased. In addition, the country must also pay the cost of restoration or replacement if the articles are damaged while leased. If articles are lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the articles will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article, which has passed three-quarters of its normal service life, if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are concluded for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense articles.

**LEASES UNDER THE ARMS EXPORT CONTROL ACT
IMPLEMENTED FY 1999**
(\$ in thousands)

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
American Republics:		
Chile	187	3
Regional Total	187	3
East Asia & Pacific:		
New Zealand	224,000	19,494
Singapore	55,334	2,213
Regional Total	279,334	21,707
Europe & Canada:		
Greece	202,300	8,812
Italy	303	25
Netherlands	6,457	120
Spain	10,997	5,947
Turkey	22,220	11,499
Regional Total	242,277	26,403
Near East & South Asia:		
Egypt	607	7
Israel	59,113	611
Morocco	188	7
United Arab Emirates	736	62
Regional Total	60,644	687
WORLDWIDE TOTAL	582,442	48,800

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

The Foreign Operations Appropriations Act for Fiscal Year 2000 (P.L. 106-113) authorized additions of \$40M for Korea, and an additional \$20M for Thailand in order to fulfill U.S. obligations under the Memoranda of Understanding establishing the Korea-Thailand WRSA programs.

In FY01, an additional \$50M is required for the Korean program. This authorization is required to transfer excess items (U.S.-titled material) to the WRSA program. Recently, U.S. Forces Korea reviewed its munitions assets, updated weapons systems, and its fire support plan. It was determined that large amounts of excess and obsolete munitions exist in U.S. inventories. As a result of this review, U.S. Forces Korea seeks an increase in authority to transfer \$50M in additions to the FY01 WRSA-K. The additions include primarily excess munitions, with the remainder being other supply-type items.

While alternative disposition authority for excess and obsolete munitions exists in the form of foreign military sales (FMS) and demilitarization, FMS to other countries is limited due to the extra cost incurred by the buyer to transport the munitions off the Korean peninsula, and demilitarization is a very slow and expensive process for the U.S. Transfer of excess and obsolete munitions to the WRSA-K from the U.S. inventory will result in the avoidance of maintenance, storage, transportation, and demilitarization costs by the U.S., resulting in increased storage space for U.S. Forces Korea, and improvement in ROK readiness. [By agreement with the Government of Korea, the U.S. does not pay for the storage of assets designated as WRSA, although the assets remain under U.S. title.]

In FY 2001, authority may be requested to transfer certain obsolete or surplus defense articles in the WRSA to Israel. These items are munitions such as armor, artillery, automatic weapons ammunition, missiles, and other munitions that are obsolete or surplus items, are in the inventory of DoD, are intended for use as reserve stocks for Israel, and are located in a stockpile in Israel. The value of concessions negotiated pursuant to Sec 514(a) of the FAA is expected to be at least equal to the fair market value of the items transferred. The concessions may include cash compensation, services, waiver of charges otherwise payable by the U.S. and other items of value. The President will notify the Congress 30 days in advance of such transfers.

VALUE OF ANNUAL CEILINGS FOR STOCKPILING
(\$ in thousands)

FISCAL YEAR	AMOUNT STOCKPILED
1976 AND 1977	96,750
1977	152,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1981	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	300,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000
1998	60,000
1999	340,000
2000	60,000
2001	50,000

**COUNTRIES AND INTERNATIONAL ORGANIZATIONS
ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES
FROM THE UNITED STATES GOVERNMENT**

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA), the following is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. That a determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

COUNTRY	DATE OF DETERMINATION
Africa	
Angola	July 28, 1995
Benin	January 2, 1973
Botswana	February 6, 1979
Burkina Faso	January 2, 1973
Burundi	August 24, 1991
Cameroon	January 2, 1973
Cape Verde	June 10, 1985
Central African Republic	February 2, 1987
Chad	September 1, 1977
Comoros	May 26, 1992
Congo	August 24, 1991
Djibouti	May 17, 1982
Equatorial Guinea	November 28, 1983
Eritrea	February 18, 1994
Ethiopia	January 2, 1973
Gabon	January 2, 1973
Gambia	February 2, 1987
Ghana	January 2, 1973
Guinea	January 2, 1973
Guinea-Bissau	June 10, 1985
Ivory Coast	January 2, 1973
Kenya	October 29, 1974/May 20, 1975
Lesotho	October 25, 1990
Liberia	January 2, 1973
Madagascar	October 29, 1974
Malawi	February 4, 1985
Mali	January 2, 1973
Mauritania	June 10, 1985
Mauritius	October 29, 1974
Mongolia	August 22, 1995
Mozambique	April 10, 1985
Namibia	October 25, 1990
Niger	January 2, 1973

Supporting Information

COUNTRY

DATE OF DETERMINATION

Nigeria	January 2, 1973
Rwanda	February 27, 1981
South Africa	June 27, 1994
Sao Tome & Principe	May 27, 1988
Senegal	January 2, 1973
Seychelles	July 20, 1989
Sierra Leone	February 5, 1985
Somalia	November 5, 1976 & March 3, 1980
Sudan	November 5, 1976
Tanzania	July 20, 1989
Togo	February 11, 1985
Uganda	July 20, 1989
Zaire	January 2, 1973
Zambia	August 11, 1992
Zimbabwe	October 26, 1982

Latin America & the Caribbean

Antigua & Barbuda	April 8, 1982
Argentina	January 2, 1973
Bahamas	December 13, 1973
Barbados	June 21, 1979
Belize	November 23, 1981
Bolivia	January 2, 1973
Brazil	January 2, 1973
Chile	January 2, 1973
Colombia	January 2, 1973
Costa Rica	January 2, 1973
Dominica	March 13, 1980
Dominican Republic	January 2, 1973
Ecuador	January 2, 1973
El Salvador	January 2, 1973
Grenada	April 3, 1984
Guatemala	January 2, 1973
Guyana	August 30, 1993
Haiti	January 2, 1973
Honduras	January 2, 1973
Jamaica	January 2, 1973
Mexico	January 2, 1973
Nicaragua	January 2, 1973
Panama	January 2, 1973
Paraguay	January 2, 1973
Peru	January 2, 1973
St. Kitts-Nevis	April 9, 1984

Supporting Information

COUNTRY

DATE OF DETERMINATION

St. Lucia
St. Vincent and the Grenadines
Suriname
Trinidad and Tobago
Uruguay
Venezuela

March 13, 1980
March 13, 1980
April 14, 1976
January 2, 1973
January 2, 1973
January 2, 1973

East Asia & the Pacific

Australia
Brunei
Burma
Cambodia
China
Cook Islands
Fiji
Indonesia
Japan
Korea
Laos
Malaysia
Marshall Islands
Micronesia
Mongolia
New Zealand
Papua New Guinea
Philippines
Singapore
Solomon Island
Taiwan
Thailand
Tonga
Vanuatu
Vietnam
Western Samoa

January 2, 1973
January 2, 1973
January 2, 1973
January 2, 1973
June 12, 1984
January 6, 1993
August 5, 1975
January 2, 1973
January 2, 1973
January 2, 1973
January 2, 1973
January 2, 1973
January 6, 1993
January 6, 1993
August 22, 1995
January 2, 1973
December 4, 1980
January 2, 1973
January 2, 1973
January 6, 1993
January 2, 1973; reaffirmed 12/30/78
January 2, 1973
November 5, 1987
January 6, 1993
January 2, 1973
January 6, 1993

Supporting Information

COUNTRY	DATE OF DETERMINATION
Europe and Canada	
Albania	March 22, 1994
Austria	January 2, 1973
Belgium	January 2, 1973
Bosnia-Herzegovina	February 23, 1996
Bulgaria	March 22, 1994
Canada	January 2, 1973
Croatia	April 8, 1999
Czech Republic	January 5, 1994
Denmark	January 2, 1973
Estonia	March 22, 1994
Finland	January 2, 1973
Macedonia	March 8, 1996
France	January 2, 1973
Germany	January 2, 1973
Greece	January 2, 1973
Hungary	December 6, 1991
Iceland	January 2, 1973
Ireland	January 2, 1973
Italy	January 2, 1973
Latvia	March 22, 1994
Luxembourg	January 2, 1973
Lithuania	March 22, 1994
Malta	January 2, 1973
Netherlands	January 2, 1973
Norway	January 2, 1973
Poland	December 6, 1991
Portugal	January 2, 1973
Romania	March 22, 1994
Slovakia	January 5, 1994
Slovenia	March 8, 1996
Spain	January 2, 1973
Sweden	January 2, 1973
Switzerland	January 2, 1973
Turkey	January 2, 1973
United Kingdom	January 2, 1973
Yugoslavia	January 2, 1973

Supporting Information

COUNTRY

DATE OF DETERMINATION

Near East

Algeria	April 8, 1983/April 10, 1985
Bahrain	January 2, 1973
Egypt	August 1, 1977
Iran	January 2, 1973
Israel	January 2, 1973
Jordan	January 2, 1973
Kuwait	January 2, 1973
Lebanon	January 2, 1973
Libya	January 2, 1973
Morocco	January 2, 1973
Oman	January 2, 1973
Qatar	January 2, 1973
Saudi Arabia	January 2, 1973
Tunisia	January 2, 1973
United Arab Emirates	January 2, 1973
Yemen Arab Republic	January 2, 1973

New Independent States

Georgia	March 11, 1997
Kazakhstan	March 11, 1997
Kyrgystan	March 11, 1997
Moldova	March 11, 1997
Russia	March 11, 1997
Turkmenistan	March 11, 1997
Ukraine	March 11, 1997
Uzbekistan	March 11, 1997

South Asia

Afghanistan	January 2, 1973
Bangladesh	December 31, 1980
India	January 2, 1973
Nepal	January 2, 1973
Pakistan	January 2, 1973
Sri Lanka	January 2, 1973

Supporting Information

COUNTRY

DATE OF DETERMINATION

International Organization

NATO and its Agencies	January 2, 1973
United Nations and its Agencies	January 2, 1973
Organization of African Unity	August 25, 1992
Organization of American States	January 2, 1973
Organization for Security and Cooperation in Europe	June 30, 1999

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE ARMS EXPORT CONTROL ACT

The Office of Defense Trade Controls (DTC), in the Bureau of Political-Military Affairs at the Department of State, administers the United States Government's program to control commercial exports of defense articles, services and technical data. DTC implements the Arms Export Control Act (AECA) through the International Traffic In Arms Regulations (ITAR), which includes the United States Munitions List (USML). DTC reviews all requests for licenses and other approvals to export defense articles, services or technical data; establishes licensing policies and procedures; and enforces compliance with the ITAR.

The data in the following chart on commercial sales are compiled by DTC based on information as of September 1999. The chart is in two parts. The first column, entitled "Actual Deliveries (Preliminary)," shows the preliminary dollar value totals by destination of exports during fiscal year 1999. These export totals are compiled from expired or completed licenses returned to DTC by the U.S. Customs Service, unless a more comprehensive method is available. The totals are preliminary because DTC licenses are approved for four calendar years, thereby allowing shipments to span five fiscal years, and are not returned by the U.S. Customs Service until the license is completed or expired. In some instances, training and technical assistance are not included in these figures. For further information, see also the classified annex to this document.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 2000 and 2001. These estimates are based primarily on the dollar value of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown). Not all approved licenses result in signed contracts and actual exports. Factors which affect the final export value include the availability of the licensed item for shipping, and how quickly the license will be returned to DTC. (See also the classified annex.) Other factors which cannot be quantified are economic and security conditions at the destination and changing U.S. foreign policy and national security considerations. Countries for whom there were no actual deliveries in fiscal year 1999 and which had no authorized licenses for fiscal years 1998 and 1999 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 2000 and 2001) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first out year at forty percent of the actual dollar value of licenses approved in the previous two fiscal years. The second out year's exports would have been estimated at sixty percent of that two year total.

An analysis of preliminary worldwide exports for fiscal years 1988-1992 showed, however, exports ranging from an average of 4.3 percent to 21.2 percent of the total dollar value of approvals for the previous two years. It further showed that actual shipments for some countries have ranged from zero to values in excess of previous

Supporting Information

years' approvals, owing to changing economic and security conditions or acquisition of major defense systems. Based on this historical data, DTC now estimates exports for the first out year (fiscal year 2000) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 1998 and 1999). The exports for the second out year (fiscal year 2001) are estimated to be fifty percent of those for fiscal year 1999.

END-USE MONITORING OF DEFENSE ARTICLES AND DEFENSE SERVICES

This report describes the actions taken under Section 40A of the Arms Export Control Act (AECA), End-Use Monitoring of Defense Articles and Defense Services by the Department of State, in the past fiscal year to implement end-use monitoring of the commercial export of defense articles, defense services and related technical data subject to licensing under Section 38 of the Arms Export Control Act (AECA).

The Office of Defense Trade Controls in the Bureau of Political-Military Affairs, (PM/DTC), the Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implements the AECA. As such, its activities which include a review of license applications for the export of defense articles, defense services, and related technical data. After years of ad hoc end-use monitoring of commercial arms exports, the Department initiated a systematic end-use check program, known as "Blue Lantern," in September 1990. This program has strengthened export controls under the Arms Export Control Act and International Traffic in Arms Regulations and serves as one of the principal means to verify the ultimate destination and specific end-use and end-users of U.S. origin defense exports and transfers. The Blue Lantern end-use checks are conducted by U.S. Embassy and Customs personnel abroad.

The Office of Defense Trade Controls (DTC) in Fiscal Year 1999 had authorized complement of 48 full-time State Department personnel, a staff that ranged in grade from GS-7 to the Senior Executive Service. All officers in DTC's two principal divisions, Arms Licensing and Compliance participate in Blue Lantern implementation, but during this period both units are chronically under staffed. In FY 1999, allocated compensation for DTC employees amounted to approximately \$4.7 million dollars. DTC full-time resources in end-use verification activity were supplemented by a team to enhance analysis and monitoring of defense exports. It is composed of four contract personnel (former senior U.S. Customs agents with extensive experience in export controls enforcement activities).

The Blue Lantern end-use check program has proved to be an extremely useful instrument in ensuring that the Department makes fully informed licensing decisions and effectively enforces the AECA and the ITAR. The verification of the ultimate destination and specific end-use of U.S.-origin defense articles, defense services and related technical data that are exported commercially supports specific policy goals related to restraints placed on arms sales and facilitation of legitimate defense trade. These goals include:

Impeding potential adversaries' access to militarily significant items and technologies, including those which contribute to the proliferation of weapons of mass destruction;

Promoting a capable defense industrial base to ensure global competitiveness and continued technology advantages enjoyed by U.S. military forces over potential adversaries;

Supporting Information

Encouraging foreign government support for U.S. principles, laws, regulations, and practices concerning sale, transfer, and end-use of defense equipment and services.

End-use checks performed in commercial defense export cases have been a strong indicator of compliance capabilities in U.S. industry and abroad, and have significantly encouraged compliance with legal and regulatory requirements. To help ensure that U.S.-origin defense exports are sent only to the country of ultimate destination for the specific end-use and end-user stated on the export license or other written approval from the Department, over 360 Blue Lantern end-use checks were initiated in FY 1999. About 4,000 checks have been conducted since the inception of the program.

Responses in a large majority (66 percent) of FY 1999 Blue Lantern cases were positive (i.e., bona fides of parties to the export were confirmed, as were the end-users and end-uses per authorization of the State Department). Unfavorable results (8 percent) for FY 1999 led to denials/revocations of licenses, imposition of sanctions or prosecution of export law violators. Negative information is shared with law enforcement and other regulatory agencies, including the Department of Commerce.

Moreover, as a result of Blue Lantern program implementation, the Department continued to see evidence that many foreign government recipients of U.S. defense exports recognize that offenses against arms export control laws and regulations are prejudicial to security, foreign policy and commercial interests they share with the U.S., and accept the need for international cooperation in the administration and enforcement of arms export control laws.

The following are a few examples in FY 1999 of the effectiveness of Blue Lantern checks:

A check on a license for the Thai military showed a previously unknown United Arab Emirates (UAE) company acting as a middleman for its "sister" company in Singapore. The Singapore based firm was already under scrutiny for its procurement activities on behalf of a country proscribed from benefiting from U.S. defense trade, and the discovery of its affiliate aided DTC (through additional Blue Lanterns) in determining the mal fides of the Thai license as well as six other bogus license applications with Middle Eastern destinations. Based on the information, the Department did not approve the licenses and continued its vigilance against the suspected parties;

Review of documentation accompanying a license application focused attention on an e-mail address that belonged to a Spanish aircraft firm previously investigated for possible diversions to a destination proscribed under section 126.1 of the ITAR. Matches in the business profiles of the parties to the transaction prompted an urgent Blue Lantern message to Embassy Madrid and resulted in ongoing U.S. and Spanish government investigations into the companies; and

Supporting Information

An appearance on a license application of a U.S. firm previously investigated by U.S. Customs for alleged diversion of aircraft spares to an ITAR-proscribed country and a previously unknown United Kingdom firm prompted a check. Our inquiry with the Portuguese Air Force about a C-130 spare part order resulted in a negative response, and lead to the discovery of a second UK entity in an illegal procurement network for deliveries to proscribed destinations. Based on the information the Department did not approve the licenses and the firms were made subject to DTC's licensing "watchlist".

The end-use monitoring unit noted above has already bolstered Department efforts in end-use verification. Working closely with arms licensing and other compliance personnel in DTC and other agencies, the team is examining trends in illicit arms trafficking and diversions, identifying targets for law enforcement action, and developing information and guidance for Department officers abroad who carry out end-use monitoring functions. The end-use monitoring unit has already embarked on significant reviews, including the auditing of transactions and the companies involved. These audits range from tracking the use of a particular license and charting the exports made against that license to reviewing the business practices of a firm to ensure compliance with the regulations and the law. Audits conducted by DTC to date have led to a number of referrals to law enforcement agencies and to administrative actions against defense export violators.

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(\$ in thousands)

Region/Country	FY 1999 (Preliminary)	FY 2000	FY 2001
Africa			
Angola	-	1	-
Botswana	10	1,390	4,196
Burkina Faso	-	-	1
Burundi	-	-	-
Cameroon	1	1,319	1,567
Cape Verde	-	-	-
Chad	-	-	50
Comoros	-	-	-
Congo	-	5	26
Cote d'Ivoire	-	-	-
Eritrea	-	-	-
Ethiopia	-	-	-
Gabon	-	5	26
Ghana	-	4	-
Guinea	-	-	-
Kenya	5	62	116
Madagascar	-	-	-
Mali	-	-	-
Mauritania	-	1	7
Mauritius	-	5	6
Namibia	-	100	246
Niger	-	-	-
Nigeria	-	64	4
Reunion	-	2	-
Senegal	-	25	12
Somalia	-	-	-
South Africa	176	6,342	13,457
Tanzania	48	9	38
Togo	-	-	-
Uganda	-	115	750
Zambia	-	139	689
Zimbabwe	2	143	528

Supporting Information

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(\$ in thousands)

Region/Country	FY 1999 (Preliminary)	FY 2000	FY 2001
Total, Africa	242	9,731	21,719
East Asia and Pacific			
Australia	18,650	216,174	545,146
Brunei	337	3,725	4,637
Burma	-	-	-
Cambodia	-	-	-
China*	-	750,000	750,000
Fiji	-	2	-
French Polynesia	-	-	-
Hong Kong	1,103	891	2,475
Indonesia	630	-	-
Japan	118,542	2,202,192	795,853
Laos	-	-	-
Macao	74	35	133
Malaysia	2,811	14,454	25,178
Nauru	-	-	-
New Caledonia	2	84	66
New Zealand	2,130	22,027	12,427
Papua new guinea	58	209	789
Philippines	815	33,082	15,092
Singapore	10,873	84,577	158,478
Solomon Islands	-	1	-
South Korea	10,711	474,751	1,501,604
Taiwan	15,500	200,000	200,000
Thailand	4,299	32,464	27,287
Vietnam	-	-	-
Total, East Asia & Pacific	186,535	4,034,668	4,039,165
Europe and NIS			
Albania	-	-	-
Andorra	-	5	13
Austria	786	22,505	106,025
Azerbaijan	-	-	-

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(\$ in thousands)

Region/Country	FY 1999 (Preliminary)	FY 2000	FY 2001
Belarus	-	-	-
Belgium	5,766	2,655	64,648
Bosnia Herzegovina	-	13,715	1,897
Bulgaria	721	1	4,157
Croatia	751	507	147
Cyprus	13	2	7
Czech Republic	37,571	30,881	16,714
Denmark	1,215	18,120	53,948
Estonia	-	253	16
Faeroe Islands	-	450	2,250
Finland	16,203	128,825	28,553
France	6,874	65,413	117,356
Georgia	-	106	66
Germany	12,032	152,689	238,520
Gibraltar	-	-	-
Greece	32,044	51,080	492,197
Greenland	2	154	773
Hungary	39	196	537
Iceland	5	5,318	1,268
Ireland	394	207	379
Italy	6,346	189,177	795,852
Kazakhstan	-	42	23
Latvia	-	289	187
Liechtenstein	-	-	-
Lithuania	-	822	2,736
Luxembourg	297	22,085	84,904
Macedonia	-	257	-
Malta	-	21	108
Moldova	-	-	-
Monaco	2	77	388
Netherlands	4,703	132,118	454,226
Norway	1,841	38,297	76,004
Poland	546	2,507	2,066
Portugal	819	10,209	41,171

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(\$ in thousands)

Region/Country	FY 1999 (Preliminary)	FY 2000	FY 2001
Romania	189	10,239	4,218
Russia	34	14,363	26,384
Slovakia	-	87	231
Slovenia	797	1,619	1,135
Spain	4,299	56,349	82,612
Sweden	12,657	52,579	57,076
Switzerland	2,352	26,794	46,413
Turkey	7,751	27,227	558,094
Turkmenistan	-	-	-
Ukraine	-	4	168
United Kingdom	35,034	609,919	1,480,862
Uzbekistan	-	40	199
Yugoslavia	-	-	-
Total, Europe and NIS	192,083	1,688,203	4,844,528
Near East Asia			
Algeria	-	29,234	143,754
Bahrain	152	6,147	87
Egypt	623	40,841	100,989
Israel	4,228	163,829	316,605
Jordan	169	6,655	11,177
Kuwait	3,937	29,894	16,806
Lebanon	62	160	339
Maldives	-	12	-
Morocco	14	29,943	2,019
Oman	665	2,309	9,104
Qatar	682	2,198	2,045
Saudi Arabia	7,581	71,100	91,093
Tunisia	242	1,020	1,625
United Arab Emirates	1,399	30,755	23,996
Yemen	-	865	3,685
Total, Near East Asia	19,754	414,962	723,324
Non-Regional			

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(\$ in thousands)

Region/Country	FY 1999 (Preliminary)	FY 2000	FY 2001
Classified Totals	195,703	1,000,000	1,000,000
International Organization	616	355,018	167,124
Total, Non-Regional	196,319	1,355,018	1,167,124
South Asia			
Afghanistan	-	-	-
Bangladesh	181	919	1,408
Bhutan	-	-	-
India	-	-	-
Nepal	11	148	703
Pakistan	-	-	-
Sri Lanka	150	1,234	229
Total, South Asia	342	2,301	2,340
Western Hemisphere			
Antigua-Barbuda	177	66	324
Argentina	485	25,622	21,412
Aruba	-	18	125
Bahamas	1,658	2,904	-
Barbados	9	11	33
Belize	-	5	3
Bermuda	-	14	47
Bolivia	-	424	438
Brazil	1,831	22,512	45,835
British Virgin Islands	-	-	-
Canada	1,758	78,883	66,971
Cayman Islands	-	15	73
Chile	2,096	5,898	10,584
Colombia	996	10,458	12,388
Costa Rica	179	486	1,421
Dominica	-	-	-
Dominican Republic	68	3,129	3,576
Ecuador	705	6,997	6,668
El Salvador	161	1,222	4,138

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COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(\$ in thousands)

Region/Country	FY 1999 (Preliminary)	FY 2000	FY 2001
French Guiana	166	346	1,076
Grenada	-	4	15
Guadeloupe	-	-	-
Guatemala	26	1,249	5,842
Guyana	3	72	120,853
Haiti	-	21	98
Honduras	6	652	1,788
Jamaica	74	152	329
Martinique	-	-	-
Mexico	5,521	62,335	220,512
Netherlands Antilles	2	188	121
Nicaragua	-	282	1,409
Panama	39	510	764
Paraguay	93	42	59
Peru	35	3,048	5,602
St Kitts and Nevis	1	4	18
St Lucia	-	14	44
St Vincent & Grenadines	-	6	29
Suriname	11	30	49
Trinidad & Tobago	213	117	280
Turks & Caicos islands	-	-	2
Uruguay	706	549	1,535
Venezuela	41,966	32,026	66,457
Total, Western Hemisphere	58,985	260,311	600,918
Grand Total	654,260	7,765,194	11,399,118

FUNDING
(\$ in millions)

FOREIGN MILITARY FINANCING GRANTS (11-1082)			
	Actual FY 1999	Estimated FY 2000 1/	Proposed FY 2001
Country Programs Direct			
Egypt FMF Grants	1,300.000	1,300.000	1,300.000
Egypt Supplemental		25.000	
Israel FMF Grant	1,860.000	1,920.000	1,980.000
Israel Wye River		1,200.000	00
Jordan FMF Grants	45.000	74.715	75.000
Jordan Wye River	50.000	150.000	
Grant – All Others	95.090	125.790	150.200
Administrative Costs	29.893	30.495	33.000
Unobligated Expenses – Admin	0.017	0.000	0.000
Appropriation (Definite)	3,380.000	4,826.000	3,538.200
Reimbursements – MAP	0.179	0.000	0.000
Reimbursement – Other Grants (NADR)	0.651	0.000	0.000
Transfer From Other Accounts – (1191085)	20.000	0.000	0.000
Transfer From Other Accounts – Admin	0.000	0.000	0.000
Reduction – Rescission	0.000	-6.006	0.000
Total Budget Authority (Gross)	3,400.830	4,819.994	3,538.200
Unobligated Balance Expiring (Excess MAP) Sales & Admin)	-0.046	0.000	0.000
Total New Obligations	3,400.784	4,819.994	3,538.200
Net Outlays	3,335.971	2,948.893	4,305.522

1/. Supplemental appropriation submitted in PB 2001 for FY 2000 to include grant funds in the amount of \$31.000M for Southeast European Initiative. The \$31.000M is included in the chart above.

Supporting Information

FOREIGN MILITARY LOAN FINANCING PROGRAM ACCOUNT (11-1085)			
	Actual FY 1999	Estimated FY 2000	Proposed FY 2001
Direct Loan Subsidy Appropriation	20.000	0.000	0.000
Transfers to Other Accounts (FMF Grant)	-20.000	0.000	0.000
Subsidy Re-estimates <u>1/</u>	5.182	189.330	0.000
Budget Authority	5.182	189.330	0.000
Total Obligations	-5.182	-189.330	0.000
Outlays (Net)	23.842	227.438	65.552
1/. Subsidy re-estimate in FY 2000 is due to an increase in Interagency Country Risk Assessment System risk premia for international loans.			

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT (11-4121)			
	Actual FY 1999	Estimated FY 2000	Proposed FY 2001
Obligations:			
Guarantee Claims	43.393	45.000	42.000
Total Obligations	43.393	45.000	42.000
Financing For Guarantee Claims:			
Permanent Indefinite Authority	37.500	38.000	31.000
Collections of Guarantee Claims	5.893	7.000	11.000
Total B/A (Gross)	43.393	45.000	42.000
Offsetting Collections From:			
Repayment of Direct Loans	9.648	403.626	314.615
Repayment of FFB Loans	218.102	220.485	233.789
Repayment of Debt Reduction	1.292	10.595	0.000
Total Offsetting Collections	-229.042	-634.706	-548.404
Outlays (Net)	-185.649	-589.706	-506.404

FOREIGN MILITARY FINANCING DIRECT LOAN FINANCING ACCOUNT (11-4122)			
	Actual FY 1999	Estimated FY 2000	Proposed FY 2001
Direct Loans	0.000	0.000	0.000
Interest on Treasury Borrowing	114.358	101.785	102.548
Payment of Downward Reest of Subsidy	3.497	0.000	0.000
Total Obligations/Financing Authority	117.855	101.785	102.548
Financing Disbursements (Gross)	462.924	568.184	696.548
Less Offsetting Collections:			
Payments from FMF Program Account	23.842	227.438	65.552
Interest on Uninvested Funds	25.655	0.000	0.000
Payments from Country Loans (Non-Fed)	357.412	505.302	543.746
Financing Disbursements (Net)	56.015	-164.556	87.250

Supporting Information

MILITARY DEBT REDUCTION FINANCING ACCOUNT (11-4174)			
	Actual FY 1999	Estimated FY 2000	Proposed FY 2001
Payment to Liquidating Account	1.242	10.594	0.000
Interest on Debt to Treasury	0.472	1.000	0.263
Total Obligations	1.714	11.594	0.263
Outlays (Gross)	1.626	11.682	0.263
Less Offsetting Collections From:			
Federal Funds	0.130	7.970	5.629
Non-Federal Funds	1.211	3.995	0.151
Net Outlays	0.285	-0.283	-5.517

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (10-1081)			
	Actual FY 1999	Estimated (1) FY 2000	Proposed FY 2001
IMET Program	49.959	52.685	55.000
Unobligated Programs	-.115	0.000	0.000
Total Obligations	49.844	52.685	55.000
Net Adjustments to Prior Year Obligations	-3.737	0.000	0.000
Budget Authority:			
Appropriation	50.000	52.875	55.000
Recession	-.041	-.190	0.000
Total Budget Authority	49.959	52.685	55.000
Net Outlays	42.671	55.000	55.000
(1) Amounts include \$2.875 million of supplemental appropriations requested in the 2001 President's budget for the Southeast European Initiative.			

SPECIAL DEFENSE ACQUISITION FUND			
	Actual FY 1999	Estimated FY 2000	Proposed FY 2001
Purchases of Equipment (Obligations) (a)	.141	18.000	0.000
Gross Budget Authority (b)	.141	18.000	0.000
Offsetting Collections	-7.870	-10.000	0.000
Net Budget Authority	-7.729	8.000	0.000
Financing Disbursements	6.024	18.000	6.000
Offsetting Collections	-7.870	-10.000	0.000
Net Outlays	-1.846	8.000	6.000
Return of Unobligated Balances to the Treasury due to Program Cancellation.	56.000	10.000	.000
(Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations Revolving Funds"			
(a) FY 1995 obligations are the final year of SDAF program authority to purchase articles and services for resale. FY 1996 - FY 2001 actual and estimated obligations are for the close-out and termination expenses of SDAF.			
(b) This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Account, "Other Repayments of Investments and Recoveries," 2814. The return of capitalization does not affect the calculation of net outlay.			

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS

(\$ millions)

FOREIGN MILITARY FINANCING PROGRAM/GRANTS

Fiscal Year	Executive Branch Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275.000	350.000	250.000	340.000	70.000	0.000
1971	772.500	885.000	750.000 (a)	840.000 (a)	700.000 (a)	0.000
1972	510.000	582.000	400.000	550.000	400.000	0.000
1973	527.000	629.000	400.000 (b)	550.000	400.000 (b)	0.000
1974	2,725.000	2,960.000	2,525.000 (c)	2,930.000 (c)	2,525.000 (c)	0.000
1975	555.000	872.000	405.000	872.500	300.000	0.000
1976 (d)	2,430.200	2,430.200	1,298.750	2,968.375	1,205.000	0.000
1977	2,179.600	2,179.600	740.000	2,022.100	740.000	0.000
1978	707.750	2,217.500	682.000	2,152.350	675.850	0.000
1979 (e)	1,042.500	5,767.500	1,044.300	6,155.500	1,024.500	0.000
1980	658.880 (f)	2,188.000 (f)	673.500	2,235.000	645.000 (b)	0.000
1981	734.000	2,840.000 (g)	500.000	3,116.000	500.000 (b)	3,046.187 (b)
1982	1,481.800	4,054.400	800.000	4,069.525	800.000	3,883.500
1983	950.000 (h)	5,273.300 (h)	800.000	4,169.525	1,175.000 (b)	5,106.500 (b)
1984	1,000.000	5,656.000	1,315.000	5,761.500	1,315.000 (b)	5,716.250 (b)
1985	5,100.000	5,100.000	(i)	(i)	4,939.500 (b)	4,939.500 (b)
1986	5,655.000	5,655.000	5,371.000	5,371.000	5,190.000	5,190.000 (j)
1987	5,861.000 (k)	5,661.000	(i)	(i)	4,053.441 (l)	4,053.441 (l)
1988	4,421.150	4,421.150	(m)	(m)	4,017.000 (n)	4,049.000
1989	4,460.000	4,460.000	(o)	(o)	4,272.750	4,272.750
1990	5,027.000	5,027.000	(p)	(p)	4,827.642	4,827.642 (q)
1991	5,016.900	5,016.900	(r)	(r)	4,663.421 (s)	4,663.421 (s)
1992	4,610.000	4,610.000	(t)	(t)	3,928.548 (u)	3,928.548 (u)
1993	4,099.225	4,099.225	(v)	(v)	3,245.414 (w)	3,245.414 (w)
1994	3,231.657	3,232.157	(x)	(x)	3,052.397 (x)	3,052.397 (x)
1995	3,130.858	3,130.858	(y)	(y)	3,151.279 (y)	3,151.279 (y)
1996	3,262.020	3,262.020	(z)	(z)	3,208.390 (z)	3,208.390 (z)
1996 Sup	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910	(D)	(D)	3,380.000 (D)	3,380.000 (D)
2000	3,430.000	3,430.000	(E)	(E)	4,819.994 (E)	4,819.994 (E)
2001	3,538.200	3,538.200				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

(a) Includes \$500.000 for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

(b) CRA limitation.

(c) Includes \$2,200.000 for Emergency Security Assistance requested, authorized and appropriated for Israel.

(d) Includes transitional quarter (FY 1977).

(e) Includes \$2,200.000 supplemental program for Israel and a \$1,500.000 supplemental program for Egypt.

(f) Includes a \$10.000 amendment for Sudan and \$15.000 for Oman.

(g) Includes \$200.000 proposed budget amendment for Egypt.

(h) Reflects the amended budget request; excludes the supplemental request for \$525.000 program increase for guarantee loans.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\$ millions)

FOREIGN MILITARY FINANCING PROGRAM/GRANTS

- (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
- (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.170 not available for obligation.
- (k) Includes a supplemental request of \$200.000.
- (l) Includes \$4,040.441 authorized by P.L. 99-500 CRA limitation and \$13.000 authorized by P.L. 100-71.
- (m) Authorization waived in Continuing Resolution (P.L. 100-202).
- (n)). P.L. 100-202 appropriated \$4,049.000 for FY 1988. Also included in the law was a \$32.000 rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017.000, as shown in the FY 1989 President's Budget.
- (o) Authorization waived in P.L. 100-461.
- (p) Authorization waived in P.L. 101-167.
- (q) Congress appropriated \$4,828.403 which was reduced by .43% for use in the control of illicit drugs. In addition, \$20.000 was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641 available to the FMF program.
- (r) Authorization waived in P.L. 101-513.
- (s) P.L. 101-513 appropriated \$5,066.921 for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421.
- (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
- (u) P.L. 102-266 appropriated \$4,100.000 for FY 1992, reduced the amount appropriated by \$60.602 and provided for the transfer of \$63.750 of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548.
- (v) Authorization waived in P.L. 102-391.
- (w) P.L. 102-391 appropriated \$3,300.000 for FY 1993, rescinded \$25.586 of prior year balance, and provided for the transfer of \$29.000 to the Demobilization and Transition Fund for a net budget authority of \$3,245.414.
- (x) P.L. 103-87 appropriated \$3,149.279, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282 of FY 1993 and prior year balances. Subsequently, an additional \$5.600 was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397.
- (y) P.L. 103-306 appropriated \$3,151.279 for FY 1995. The Authorization was waived.
- (z) P.L. 104-107 appropriated \$3,208.390 for FY 1996. The Authorization was waived.
- (aa) Pending FY 1996 FMF supplemental request of \$140.000 supports Jordan F-16 program; P.L. appropriated \$70.000 for FY 1996. The Authorization was waived.
- (bb) P.L. 104-208 appropriated \$3,224.000 for FY 1997. The Authorization was waived.
- (cc) P.L. 105-118 appropriated \$3,296.550 for FY 1998. The Authorization was waived.
- (dd) P.L. 105-277 appropriated \$3,380.000 for FY 1999 FMF Grants. The Authorization was waived.
- (ee) P.L. 106-113 appropriated \$4,788.994 for FY 2000 FMF Grants. The Authorization was waived. In addition, there will be a supplemental appropriation in the amount of \$31.000M for FY 2000 as requested in the 2001 President's Budget.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\$ in millions)

**FOREIGN MILITARY FINANCING
DIRECT LOAN FINANCING ACCOUNT
TOTAL PROGRAM**

Fiscal Year	Executive Branch Request	Financing Authority
1992	313.961	345.000 (a)
1993	360.000	855.000 (b)
1994	855.000	769.500 (c)
1995	770.000	619.650 (d)
1996	765.000	544.000 (e)
1997	370.028	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	167.000 (h)
2000	0.000	0.000
2001	0.000	

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
 (b) P.L. 102-391 provides financing authority for direct loans of \$855.000 for FY 1993.
 (c) P.L. 103-87 provides financing authority for direct loans of \$769.500 for FY 1994.
 (d) P.L. 103-306 provides financing authority for direct loans of \$619.650 for FY 1995.
 (e) P.L. 104-107 provides financing authority for direct loans of \$544.000 for FY 1996.
 (f) P.L. 104-208 provides financing authority for direct loans of \$540.000 for FY 1997.
 (g) P.L. 105-118 provides financing authority for direct loans of \$200.000 for FY 1998.
 (h) P.L. 105-277 provides financing authority for direct loans of \$167.000 for FY 1999.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\\$ in millions)

**FOREIGN MILITARY FINANCING
DIRECT LOAN SUBSIDY ELEMENT**

Fiscal Year	Executive Branch Request	Appropriated
1992	57.490	50.148 (a)(b)
1993	63.332	149.200 (c)
1994	120.457	46.530 (d)
1995	59.598	47.917 (e)
1996	89.888	64.400 (f)
1997	40.000	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	20.000 (i)
2000	0.000	0.000
2001	0.000	

(a) Authorization waived under P.L. 102-109 and P.L. 102-145.

(b) P.L. 102-266 appropriated \$50.900 for FY 1992 and reduced the appropriation by \$.752 for a net availability of \$50.148.

(c) P.L. 102-391 appropriated \$149.200 for FY 1993. The Authorization was waived.

(d) P.L. 103-87 appropriated \$46.530 for FY 1994. The Authorization was waived.

(e) P.L. 103-306 appropriated \$47.917 for FY 1995. The Authorization was waived.

(f) P.L. 104-107 appropriated \$64.400 for FY 1996. The Authorization was waived.

(g) P.L. 104-208 appropriated \$60.000 for FY 1997. The Authorization was waived.

(h) P.L. 105-118 appropriated \$60.000 for FY 1998. \$40.000 will be transferred to FMF Grant Account. The Authorization was waived.

(i) P.L. 105-277 appropriated \$20.000 for FY 1999. The Authorization was waived.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\$ in millions)

MILITARY ASSISTANCE PROGRAM

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1950	1,400.000	1,314.000	1,314.000
1951	5,222.500	5,222.500	5,222.500
1952	6,303.000	5,997.600	5,744.000
1953	5,425.000	4,598.400	4,219.800
1954	4,274.500	3,681.500	3,230.000
1955	1,778.300	1,591.000	1,192.700
1956	1,959.200	1,450.200	1,022.200
1957	2,925.000	2,225.000	2,017.500
1958	1,900.000	1,600.000	1,340.000
1959	1,800.000	1,605.000	1,515.000
1960	1,600.000	1,400.000	1,300.000
1961	2,000.000	(a)	1,800.000
1962	1,885.000	1,700.000	1,600.000
1963	(b)	1,700.000	1,325.000
1964	1,405.000	1,000.000	1,000.000
1965 (c)	1,055.000	1,055.000	1,055.000
1966 (c)	1,170.000	1,170.000	1,170.000
1967	917.000	875.000	792.000
1968	620.100	510.000	500.000
1969	420.000	375.000	375.000
1970	425.000	350.000	350.000
1971	690.000	690.000	690.000
1972	705.000	500.000	500.000
1973	780.000	553.100 (d)	553.100 (d)
1974 (e)	685.000	512.500	450.000 (f)
1975 (g)	985.000	600.000	475.000
1976 (h)(i)	790.000	245.875	252.200
1977	279.000	235.800	264.550
1978	230.000	228.900	220.000 (j)
1979	133.500	133.500	83.375
1980 (c)	160.200 (k)	111.900 (l)	110.000 (d)
1981 (c)	104.400	106.100	110.200 (d)
1982 (c)(m)	131.400	231.400	171.412
1983 (c)	557.000 (n)	238.500 (o)	383.325 (d)
1984	747.000 (p)	639.700	711.750 (d)(q)
1985	924.500	(r)	805.100 (d)
1986 (c)	949.350	805.100	798.374 (s)(t)
1987 (c)	1,257.450 (u)	805.100	950.000
1988	1,329.800	(v)	700.750
1989	467.000	(w)	467.000 (x)
1990	40.432	(y)	(z)
1991	0.000	0.000	0.000
1992	0.000	0.000	-6.750 (D)
1993	0.000	0.000	-20.164 (E)
1994	-0.439 (F)	0.000	-0.439 (F)
1995	(L)		(L)

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\$ in millions)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

Fiscal	Executive Branch Request	Authorized	Appropriated
1976 (a)	37.000	33.750	28.750
1977	32.200	30.200	25.000
1978	35.000	31.000	30.000
1979	32.100	31.800	27.900
1980	32.900	31.800	25.000 (d)
1981	32.500	34.000	28.400 (d)
1982	42.000	42.000	42.000
1983	53.700 (o)	43.000	46.000
1984	56.532	56.452	51.532 (d)
1985	60.910	(r)	56.221 (d)
1986	65.650	56.221	54.490 (s)
1987	68.830	56.000	56.000
1988	56.000	(v)	47.400
1989	52.500	(w)	47.400
1990	54.500	(y)	47.196 (A)
1991	50.500	(B)	47.196
1992	52.500	(C)	47.196 (G)
1993	47.500	(H)	42.500 (I)
1994	42.500	(J)	22.250 (J)
1995	25.500	(K)	25.500 (K)
1996	39.781	39.000 (M)	39.000 (M)
1997	45.000	43.475 (N)	43.475 (N)
1998	50.000	50.000	50.000 (O)
1999	50.000	49.951	49.951 (P) 0
2000	52.875	52.685	52.685 (Q)
2001	55.000		

NOTE:

(1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.

(2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.

(a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."

(b) Foreign Assistance Act of 1961 authorized \$1,700.000; no executive branch request for authorization was required.

(c) Does not include MAP drawdowns of \$75.000 in FY 1965 and \$300.000 in FY 1966, or Section 506(a) drawdowns of \$1.000 in FY 1980; \$26.000 in FY 1981; \$55.000 in FY 1982; \$25.000 in FY 1983; \$40.000 in FY 1986; and \$25.000 in FY 1987.

(d) CRA limitation.

(e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500.000 for Section 506 drawdown authority.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\$ in millions)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

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- (f) Includes \$5.000 transferred to AID.
 - (g) Does not include \$75.000 for Section 506 drawdown authority.
 - (h) Includes transitional quarter (FY 197T).
 - (i) Does not include \$275.000 for Section 506 drawdown authority.
 - (j) Includes \$40.200 subsequently rescinded.
 - (k) Includes a \$50.000 supplemental for Turkey.
 - (l) Includes a \$1.700 Senate supplemental for Sudan.
 - (m) Does not include \$7.100 reimbursement for Section 506 drawdown authority.
 - (n) Reflects the amended budget request but not the \$187.000 supplemental budget request.
 - (o) Reflects initial budget request; excludes \$1.000 supplemental request.
 - (p) Reflects initial budget request; excludes \$259.050 supplemental request for Central America.
 - (q) Includes supplemental appropriation of \$201.750 for Central America.
 - (r) Authorization waived in Continuing Resolution (P.L. 98-473).
 - (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626 of MAP and \$2.343 of IMET are not available for obligation.
 - (t) Includes supplemental appropriation of \$50.000 for the Republic of the Philippines.
 - (u) Includes a supplemental request of \$261.000.
 - (v) Authorization waived in Continuing Resolution (P.L. 100-202).
 - (w) Authorization waived in P.L. 100-461.
 - (x) P.L. 101-45 transferred \$2.000 to contributions for international peacekeeping activities (Budget Account 19-9-1124).
 - (y) Authorization waived in P.L. 101-167.
 - (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
 - (A) Congress appropriated \$47.400 which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196 available to the IMET program.
 - (B) Authorization waived in P.L. 101-513.
 - (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
 - (D) P.L. 102-298 rescinded \$6.750 of prior year balances and \$5.760 of previously disbursed amounts.
 - (E) P.L. 102-298 rescinded \$20.164 of prior year balances.
 - (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439 of prior year appropriations.
 - (G) P.L. 102-266 appropriated \$47.196 for FY 1992. P.L. 102-298 rescinded \$1.925 and P.L. 102-381 reduced it an additional \$.698 for a net availability of \$44.573.
 - (H) Authorization waived in P.L. 102-391.
 - (I) P.L. 102-391 appropriated \$42.500 for FY 1993.
 - (J) P.L. 103-87 appropriated \$21.250 for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.000 was transferred into IMET from FMF making a total of \$22.250 of appropriated funds available.
 - (K) P.L. 103-306 appropriated \$25.500 for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.850 was transferred out of the PKO account and into the IMET account (\$.350 for Botswana and \$.500 for Senegal) to enhance PKO training.
 - (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be Enacted for this account.
 - (M) P.L. 104-107 appropriated \$39.000 for FY 1996. The Authorization was waived.
 - (N) P.L. 104-208 appropriated \$43.475 for FY 1997. The Authorization was waived.
 - (O) P.L. 105-118 appropriated \$50.000 for FY 1998. The Authorization was waived.
 - (P) P.L. 105-277 appropriated \$50.000 for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(\$ in millions)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

(Q) P.L. 106-113 appropriated \$49.810 for FY 2000. The Authorization was waived. In addition, there will be a supplemental appropriation in the amount of \$2.875 for FY 2000 as requested in the FY 2001 President's Budget.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (\$ in millions)			
PEACEKEEPING OPERATIONS			
Fiscal	Executive Branch Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b))
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000	76.500	76.500
2000	130.000	152.418	152.418
2001	134.000		

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (\$ in millions)				
FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT			Borrowing Authority/ Permanent Indefinite Appropriation (k)	
Fiscal Year	Executive Branch Request	Appropriated	Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	28.000	
1999	31.000	0.000	37.500	
2000	35.000	0.000	38.000	
2001	31.000	0.000	0.000	31.000 (k)

Supporting Information

- (a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).
- (b) CRA limitation (P.L. 96-123).
- (c) CRA limitation.
- (d) In addition, \$125,000 appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.
- (e) Authorization waived in Continuing Resolution (P.L. 98-473).
- (f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462 of this amount is not available for obligation.
- (g) Includes \$10,000 transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.
- (h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other peacekeeping requirements.
- (i) Includes appropriation of \$75.623 plus \$6.812 transferred from other accounts.
- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75,000 in FY 1995. Subsequent to the release of the President's Budget, \$.850 was transferred out of the PKO account and into the IMET account (\$.350 for Botswana and \$.500 for Senegal) to enhance PKO training.
- (k) Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2000.

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL

(BA \$ thousands)

	DAIDFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>Africa</i>													
Angola, Luanda	8,500	2,700	-	-	-	-	-	-	-	-	-	-	11,200
Benin, Cotonou	4,275	11,463	-	372	-	-	-	-	-	2,181	-	-	18,291
Botswana, Gaborone	-	-	-	562	-	-	-	-	-	-	-	-	562
Burkina Faso, Ouagadougou	-	625	-	-	-	-	-	-	-	1,993	-	-	2,618
Cameroon, Yaounde	-	-	-	184	-	-	-	-	-	2,952	-	-	3,136
Cape Verde, Praia	-	-	-	70	-	-	-	-	-	1,074	-	-	1,144
Central African Republic, Bangui	-	-	-	101	-	-	-	-	-	-	-	-	101
Chad, NDjamena	-	-	-	87	-	-	-	-	732	-	-	-	819
Comoros, Moroni	-	-	-	14	-	-	-	-	-	-	-	-	14
Congo, Democratic Republic of the, Kinshasa	2,500	4,614	-	-	-	-	-	-	-	-	-	-	7,114
Cote D'Ivoire, Abidjan	-	-	-	189	-	-	-	-	1,230	2,636	-	-	4,055
Djibouti, Djibouti	-	-	-	123	-	-	-	-	-	-	-	-	123
Eritrea, Asmara	4,990	5,010	-	439	-	-	-	-	-	96	-	-	10,535
Ethiopia, Addis Ababa	13,950	25,965	-	516	-	-	-	-	10	524	-	-	40,965
Gabon, Libreville	-	-	-	-	-	-	-	-	-	2,368	-	-	2,368
Gambia, The, Banjul	-	-	-	-	-	-	-	-	-	1,433	-	-	1,433
Ghana, Accra	23,173	16,698	-	391	-	-	-	-	-	2,751	-	-	43,013
Guinea, Conakry	9,175	7,986	-	167	-	-	-	-	-	2,492	-	-	19,820
Guinea-Bissau, Bissau	-	-	-	-	-	-	-	-	-	58	-	-	58
Kenya, Nairobi	12,600	7,850	37,000	462	-	-	-	-	1,800	4,986	-	-	64,698
Lesotho, Maseru	-	-	-	74	-	-	-	-	-	1,758	-	-	1,832
Liberia, Monrovia	5,000	2,771	-	-	-	-	-	-	-	-	-	-	7,771
Madagascar, Antananarivo	11,925	4,001	-	115	-	-	-	-	-	1,474	-	-	17,515
Malawi, Lilongwe	23,161	9,924	-	343	-	-	-	-	-	1,856	-	-	35,284
Mali, Bamako	24,649	10,702	-	374	-	-	-	-	-	2,842	-	-	38,567
Mauritania, Nouakchott	-	-	-	-	-	-	-	-	535	1,298	-	-	1,833
Mauritius, Port Louis	-	-	-	95	-	-	-	-	-	-	-	-	95
Mozambique, Maputo	35,475	11,520	-	184	-	-	-	-	1,900	1,450	-	-	50,529
Namibia, Windhoek	6,650	2,000	-	145	-	-	-	-	1,053	2,639	-	-	12,487
Niger, Niamey	-	-	-	-	-	-	-	-	-	2,427	-	-	2,427
Nigeria, Lagos	10,000	6,815	1,000	90	-	-	-	-	750	-	-	-	17,905
Rwanda, Kigali	8,900	5,455	-	314	-	-	-	-	-	-	-	-	15,419
Sao Tome, Principe	17,243	5,981	-	86	-	-	-	-	1,100	2,969	-	-	28,139
Senegal, Dakar	-	-	-	846	-	-	-	-	-	-	-	-	86
Seychelles, Victoria	-	-	-	103	-	-	-	-	-	-	-	-	103
Sierra Leone, Freetown	-	-	3,300	-	-	-	-	-	-	-	-	-	3,300
Somalia, Mogadishu	500	1,000	-	-	-	-	-	-	1,150	-	-	-	2,650
South Africa, Pretoria	32,206	14,450	-	1,022	-	-	-	-	500	2,781	-	-	50,959
Swaziland, Mbabane	-	-	-	91	-	-	-	-	-	-	-	-	91
Tanzania, Dar es Salaam	14,750	7,400	9,231	181	-	-	-	-	1,410	2,348	-	-	35,320
Togo, Lome	-	-	-	-	-	-	-	-	-	1,606	-	-	1,606
Uganda, Kampala	28,085	21,187	-	305	-	-	-	-	2,100	972	-	-	52,649
Zambia, Lusaka	11,450	11,241	-	150	-	-	-	-	-	2,436	-	-	25,277
Zimbabwe, Harare	6,950	1,850	-	299	-	-	-	-	743	1,626	-	-	11,468
REDSO/ESA/GHAI	18,022	4,702	-	-	-	-	-	-	-	-	-	-	22,724
PEGO/ATRIIP	18,408	-	-	-	-	-	-	-	-	-	-	-	18,408

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL

(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
Sahel Regional	6,640	-	-	-	-	-	-	-	-	-	-	-	6,640
West Africa Regional	6,567	8,010	-	-	-	-	-	-	-	-	-	-	14,577
SADC	28,117	-	2,000	-	-	-	-	-	-	-	-	-	30,117
Other AFR Regional	39,656	34,253	-	-	-	-	-	-	-	-	-	-	73,909
Education for Development and Democracy (EDDI)	21,500	4,500	10,000	-	-	-	-	-	-	-	-	-	36,000
Africa Regional Democracy Fund (ARDf)	-	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Great Lakes Justice Initiative (GLJI)	-	-	25,000	-	-	-	-	-	-	-	-	-	25,000
Africa Regional Peacekeeping (ARP)	-	-	-	-	-	-	-	-	-	-	-	9,157	9,157
Africa Crisis Response Initiative (ACRI)	-	-	-	-	-	-	-	-	-	-	5,000	12,500	17,500
East Africa Regional Fund (EARF)	-	-	-	-	-	-	-	-	-	-	2,900	-	2,900
Migration/Refugee Assistance - Africa	-	-	-	-	-	-	-	144,235	-	-	-	-	144,235
Total, Africa	455,017	250,673	101,531	8,494	-	-	-	144,235	15,013	56,026	7,900	21,657	1,060,546

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>East Asia & Pacific</i>													
Australia, Canberra									290				290
Brunei, Bandar Seri Begawan		2,700	3,500						80				80
Burma, Rangoon	300	3,600	10,000										6,500
Cambodia, Phnom Penh	800								1,500				15,900
China, Beijing										1,028			1,028
Fiji, Suva				15									15
Indonesia, Jakarta	38,606	13,450	5,300	486									57,842
Laos, Vientiane	2,300						3,700		1,800				7,800
Malaysia, Kuala Lumpur				713					690				1,403
Mongolia, Ulaanbaatar				429						1,481			11,910
Papua New Guinea, Port Moresby				156	10,000					1,414			1,570
Philippines, Manila	22,750	4,400		1,348					20	1,678	1,000		31,196
Samoa, Apia				105						1,124			1,229
Solomon Islands, Honiara				157						1,464			1,621
Thailand, Bangkok				1,703			2,700		2,720	1,152			8,275
Vanuatu, Republic of, Port-Vila				87						1,365			1,452
Viet-Nam, Hanoi	1,500	1,500							1,096				4,096
<i>Other Asia Regional</i>													
Accelerating Economic Recovery in Asia (AERA)	5,455	6,690											12,145
East Asia and Pacific Environment Initiatives	16,000	10,000	5,000										31,000
Asia Regional Democracy Fund (Asia RDF)	15,212		3,825										19,037
South Pacific Multilateral Fisheries Treaty			175										175
Regional Security			14,000										14,000
Migration/Refugee Assistance - East Asia & Pacific			250										250
East Timor								18,456					18,456
Regional - KEDO			6,500										6,500
Export Control Enforcement									53,100				53,100
Kiribati									100				100
Micronesia & Palau										958			958
Tonga										1,743			1,743
Total, East Asia & Pacific	102,923	42,340	48,550	5,298	10,000		6,400	18,456	61,396	14,515	1,000		310,878

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps		FMF	PKO	Total
										Corps				
<i>Regional Allocations</i>														
<i>Russia & the New Independent States</i>														
Armenia, Yerevan	-	-	-	-	80,080	-	-	-	60	1,302	-	-	-	81,442
Azerbaijan, Baku	-	-	-	-	35,180	-	-	-	540	-	-	-	-	35,720
Belarus, Minsk	-	-	-	-	12,390	-	-	-	-	-	-	-	-	12,390
Georgia, Tbilisi	-	-	-	394	84,580	-	-	-	97	-	7,950	-	-	93,021
Kazakhstan, Almaty	-	-	-	383	50,510	-	-	-	1,100	1,938	1,800	-	-	55,731
Kyrgyzstan, Bishkek	-	-	-	383	32,010	-	-	-	-	1,318	1,550	-	-	35,261
Moldova, Chisinau	-	-	-	485	45,390	-	-	-	30	1,907	1,250	-	-	49,062
Russia, Moscow	-	-	-	228	161,160	-	-	-	1,590	3,162	-	-	-	166,140
Tajikistan, Dushanbe	-	-	-	-	13,050	-	-	-	-	-	-	-	-	13,050
Turkmenistan, Ashgabat	-	-	-	261	11,260	-	-	-	-	1,379	600	-	-	13,500
Ukraine, Kiev	-	-	-	1,304	203,580	-	-	-	475	3,026	4,100	-	-	212,485
Uzbekistan, Tashkent	-	-	-	526	27,330	-	-	-	1,200	1,820	1,650	-	-	32,526
Regional FSA	-	-	-	-	80,480	-	-	-	-	-	-	-	-	80,480
Total, Russia & the New Independent States	-	-	-	3,964	837,000	-	-	-	5,092	15,852	18,900	-	-	880,808

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>Europe</i>													
Albania, Tirana	-	-	12,000	650	-	49,300	-	-	-	-	4,000	-	65,950
Bosnia and Herzegovina, Sarajevo	-	-	12,000	632	-	180,000	-	-	2,325	-	4,000	14,470	213,427
Bulgaria, Sofia	-	-	25,000	974	-	30,150	-	-	222	1,984	8,500	-	66,830
Croatia, Zagreb	-	500	-	435	-	17,000	-	-	600	-	-	-	18,535
Cyprus, Nicosia	-	-	15,000	-	-	-	-	-	10	-	-	-	15,010
Czech Republic, Prague	-	-	-	1,227	-	-	-	-	1,900	-	7,100	-	10,227
Estonia, Tallinn	-	-	-	675	-	-	-	-	370	748	4,700	-	6,493
Greece, Athens	-	-	-	25	-	-	-	-	330	-	-	-	355
Hungary, Budapest	-	-	-	1,500	-	-	-	-	278	-	7,100	-	8,878
Ireland, Dublin	-	-	19,600	-	-	-	-	-	-	-	-	-	19,600
Latvia, Riga	-	-	-	729	-	-	-	-	35	948	4,700	-	6,412
Lithuania, Vilnius	-	-	-	727	-	2,300	-	-	35	963	4,700	-	8,725
Macedonia, Skopje	-	-	22,000	448	-	32,500	-	-	-	321	6,000	-	61,269
Malta, Valletta	-	-	-	109	-	-	-	-	-	-	300	-	409
Poland, Warsaw	-	-	-	1,600	-	20,000	-	-	245	2,557	6,600	-	31,002
Portugal, Lisbon	-	-	-	700	-	-	-	-	-	-	-	-	700
Romania, Bucharest	-	-	14,000	1,111	-	41,400	-	-	-	1,781	6,500	-	64,792
Slovakia, Bratislava	-	-	-	623	-	3,000	-	-	-	1,575	3,200	-	8,398
Slovenia, Ljubljana	-	-	-	650	-	-	-	-	-	-	2,600	-	3,250
Turkey, Ankara	2,000	-	-	1,514	-	-	500	-	-	-	-	-	4,014
United Kingdom, London	-	-	-	-	-	-	-	-	160	-	-	-	160
Yugoslavia, Belgrade (Serbia)	-	-	-	-	-	6,455	-	-	-	-	-	-	6,455
OSCE Regional	-	-	-	-	-	-	-	-	-	-	-	6,231	6,231
Regional SEED	-	-	-	-	-	64,688	-	225,500	-	-	-	-	64,688
Kosovo	-	-	9,900	-	-	77,227	-	-	-	-	-	11,619	324,246
Montenegro	-	-	15,000	-	-	25,980	-	-	-	-	-	-	40,980
Migration/Refugee Assistance - Europe	-	-	-	-	-	-	-	84,583	-	-	-	-	84,583
Total, Europe	2,000	500	144,500	14,329	-	550,000	500	310,083	6,510	10,877	70,000	32,320	1,141,619

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
Near East													
Algeria, Algiers	-	-	-	124	-	-	-	-	-	-	-	-	124
Bahrain, Manama	-	-	-	228	-	-	-	-	-	-	-	-	228
Egypt, Cairo	-	-	775,000	1,040	-	-	-	-	1,560	-	1,300,000	-	2,077,600
Israel, Tel Aviv	-	-	1,080,000	-	-	-	-	70,000	1,010	-	1,860,000	-	3,011,010
Jordan, Amman	-	-	150,000	1,654	-	-	-	-	3,630	1,371	45,000	-	201,655
Jordan - Wye	-	-	50,000	-	-	-	-	-	-	-	50,000	-	100,000
Kuwait, Kuwait	-	-	-	-	-	-	-	-	1,380	-	-	-	1,380
Lebanon, Beirut	500	-	12,000	554	-	-	-	-	530	-	-	-	13,584
Morocco, Rabat	8,000	2,826	-	927	-	-	-	-	250	2,397	4,000	-	18,400
Oman, Muscat	-	-	-	233	-	-	-	-	430	-	-	-	663
Qatar, Doha	-	-	-	-	-	-	-	-	200	-	-	-	200
Saudi Arabia, Riyadh	-	-	-	-	-	-	-	-	410	-	-	-	410
Tunisia, Tunis	-	-	-	937	-	-	-	-	-	-	2,000	-	2,937
United Arab Emirates, Abu Dhabi	-	-	-	-	-	-	-	-	1,380	-	-	-	1,380
Yemen, Sanaa	-	-	-	122	-	-	-	-	1,762	-	-	-	1,884
Migration/Refugee Assistance - Near East	-	-	-	-	-	-	-	97,963	-	-	-	-	97,963
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	15,596	15,596
Israel-Lebanon Monitoring Group	-	-	-	-	-	-	-	-	-	-	-	996	996
Regional ATA Training - Near East	-	-	-	-	-	-	-	-	300	-	-	-	300
Middle East Democracy Fund (MERDF)	-	-	2,500	-	-	-	-	-	-	-	-	-	2,500
Iraq Opposition	-	-	3,000	-	-	-	-	-	-	-	-	-	3,000
Middle East Multilaterals	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000
Middle East Regional Cooperation (MERC)	-	-	75,000	-	-	-	-	-	-	-	-	-	75,000
West Bank/Gaza	-	-	-	-	-	-	-	-	-	-	-	-	[50,000]
ESF - Wye	-	-	-	-	-	-	-	-	-	-	-	-	[50,000]
FMF - Grant - Wye	-	-	-	-	-	-	-	-	-	-	-	-	[-18,000]
FMF - Rescission - Wye	-	-	-	-	-	-	-	-	-	-	-	-	[-18,000]
Total, Near East	8,500	2,826	2,156,500	5,819	-	-	-	167,963	12,842	3,768	3,261,000	16,592	5,635,810

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>South Asia</i>													
Afghanistan, Kabul	31,650	14,600	-	-	-	-	-	-	2,615	-	-	-	2,615
Bangladesh, Dhaka	27,750	17,250	-	394	-	-	-	-	-	844	-	-	47,488
India, New Delhi	-	-	-	241	-	-	-	-	125	-	-	-	45,366
Maldives Islands, Male	-	-	-	94	-	-	-	-	-	-	-	-	94
Nepal, Kathmandu	10,624	6,410	-	189	-	-	-	-	-	1,902	-	-	19,125
Pakistan, Islamabad	100	800	-	-	-	-	2,200	-	125	-	-	-	3,225
Sri Lanka, Colombo	3,590	300	-	230	-	-	-	-	200	-	-	-	4,320
Migration/Refugee Assistance - South Asia	-	-	-	-	-	-	-	27,475	-	-	-	-	27,475
South Asia Regional Democracy Fund (SARDF)	-	-	2,750	-	-	-	-	-	-	-	-	-	2,750
Total, South Asia	73,714	39,360	2,750	1,148	-	-	2,200	27,475	3,065	2,746	-	-	152,458

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>Western Hemisphere</i>													
Antigua-Barbuda	-	-	-	109	-	-	-	-	-	-	-	-	109
Argentina, Buenos Aires	-	-	-	613	-	-	-	-	150	-	850	-	1,613
Bahamas, Nassau	-	-	-	127	-	-	1,000	-	-	-	130	-	1,257
Barbados, Bridgetown	-	-	-	57	-	-	-	-	-	-	-	-	57
Belize, Belize City	-	-	-	175	-	-	-	-	-	1,227	100	-	1,502
Bolivia, La Paz	27,161	6,515	-	533	-	-	54,000	-	20	2,617	-	-	90,846
Brazil, Brasilia	10,512	2,932	-	206	-	-	1,200	-	40	-	-	-	14,890
Chile, Santiago	-	-	-	478	-	-	-	-	-	-	-	-	478
Colombia, Bogota	-	-	-	917	-	-	205,860	-	540	-	-	-	207,317
Costa Rica, San Jose	-	-	-	240	-	-	-	-	130	406	-	-	776
Dominican Republic, Santo Domingo	5,998	9,085	-	493	-	-	-	-	-	3,194	370	-	19,140
Ecuador, Quito	11,755	1,950	-	569	-	-	1,200	-	1,000	2,480	-	-	18,954
El Salvador, San Salvador	20,050	11,378	-	491	-	-	-	-	-	1,771	-	-	33,690
Grenada, St. George's	-	-	-	59	-	-	-	-	-	-	-	-	59
Guatemala, Guatemala City	16,400	11,135	25,000	253	-	-	3,000	-	-	3,219	-	-	59,007
Guyana, Georgetown	2,300	-	-	216	-	-	-	-	-	828	100	-	3,444
Haiti, Port-au-Prince	-	-	70,000	160	-	-	-	-	-	1,396	300	2,000	73,856
Honduras, Tegucigalpa	17,545	22,840	-	560	-	-	-	-	-	3,077	-	-	44,022
Jamaica, Kingston	6,120	3,926	-	472	-	-	800	-	-	2,261	475	-	14,054
Mexico, Mexico City	6,882	2,050	-	918	-	-	8,000	-	-	-	-	-	17,850
Nicaragua, Managua	16,600	11,940	-	200	-	-	-	-	-	1,869	-	-	30,609
Panama, Panama City	4,598	-	-	87	-	-	-	-	-	1,772	590	-	7,047
Paraguay, Asuncion	4,694	-	-	215	-	-	-	-	140	3,190	-	-	8,239
Peru, Lima	24,388	9,757	-	478	-	-	74,540	-	1,180	-	-	2,400	112,743
Suriname, Paramaribo	-	-	-	100	-	-	-	-	-	855	-	-	955
Trinidad and Tobago, Port-of-Spain	-	-	-	148	-	-	-	-	-	-	225	-	373
Uruguay, Montevideo	-	-	-	364	-	-	-	-	-	-	-	-	364
Venezuela, Caracas	-	-	-	400	-	-	700	-	-	-	-	-	1,100
Central American Regional Development	9,249	2,700	-	-	-	-	-	-	-	-	-	-	11,949
Latin America Regional (LAC)	22,898	13,720	-	-	-	-	24,500	-	-	-	-	-	61,118
Migration/Refugee Assistance - Western Hemisphere	-	-	-	-	-	-	-	14,713	-	-	-	-	14,713
Administration of Justice/CITAP	-	-	6,775	-	-	-	-	-	-	-	-	-	6,775
St Kitts-Nevis	-	-	-	63	-	-	-	-	-	-	-	-	63
St Lucia	-	-	-	57	-	-	-	-	-	-	-	-	57
St Vincent & Grenadines	-	-	-	49	-	-	-	-	-	-	-	-	49
Dominica	-	-	-	50	-	-	-	-	-	-	-	-	50
PACAMS	-	-	-	215	-	-	-	-	-	-	-	-	215
Eastern Caribbean	-	-	-	-	-	-	-	-	-	2,294	1,300	-	3,594
Western Hemisphere Regional Democracy Fund (WHRDF)	-	-	18,225	-	-	-	-	-	-	-	-	-	18,225
Organization of American States	-	-	-	-	-	-	-	-	2,388	-	-	1,531	3,919
Peru - Ecuador Peace	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000
Caribbean Regional	800	-	-	-	-	-	-	-	-	-	-	-	800
Total, Western Hemisphere	213,950	109,928	120,000	10,072	-	-	374,800	14,713	5,588	32,456	4,440	5,931	891,878

SELECTED U.S. ASSISTANCE PROGRAMS: FY 1999 ACTUAL

(BA \$ thousands)

	DAIDFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FIMF	PKO	Total
Total, FY 1999 Regional Allocations	856,104	445,627	2,573,831	49,124	847,000	550,000	383,900	682,925	109,506	136,240	3,363,240	76,500	10,073,997
Global Programs	368,896	254,373	19,000	835	-	-	132,670	223,045	108,484	106,489	36,910	-	1,250,702
Other Foreign Operation Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	765,000
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	50,341
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(13,000)
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	34,566
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(328,000)
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	50,000
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	43,975
CARibbean Emergency Disaster Recovery	-	-	-	-	-	-	-	-	-	-	-	-	613,500
IDA - Int. Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	388,000
Micro/Small Enterprise - Subs	-	-	-	-	-	-	-	-	-	-	-	-	1,500
Micro/Small Enterprise - Admin	-	-	-	-	-	-	-	-	-	-	-	-	500
Urban/Environment Credit - Subs	-	-	-	-	-	-	-	-	-	-	-	-	1,500
Urban/Environment Credit - Admin	-	-	-	-	-	-	-	-	-	-	-	-	4,946
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	502,792
USAID OIG Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	28,617
IAF - Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	[19,966]
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	[11,137]
ERMA	-	-	-	-	-	-	-	-	-	-	-	-	195,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	2,983
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	74,000
SDAF	-	-	-	-	-	-	-	-	-	-	-	-	(7,846)
IBRD - Global Environment Facility (GEF)	-	-	-	-	-	-	-	-	-	-	-	-	167,500
IDA - International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	800,000
IDB - Inter-American Development Bank (Ord. Cap.)	-	-	-	-	-	-	-	-	-	-	-	-	25,611
IDB - Inter-American Development Bank (FSO)	-	-	-	-	-	-	-	-	-	-	-	-	21,152
Asian Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	13,222
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	210,000
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	128,000
EBRD - European Bank for Reconstruction and Devel.	-	-	-	-	-	-	-	-	-	-	-	-	35,779
IADB - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	50,000
MDB Areas	-	-	-	-	-	-	-	-	-	-	-	-	[513,592]
IO&P - International Organizations and Programs	-	-	-	-	-	-	-	-	-	-	-	-	187,000
Y2K Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	136
Total, Other Foreign Operation Accounts	-	-	-	-	-	-	-	-	-	-	-	-	4,114,808
Grand Total, FY 1999 Foreign Operations	1,225,000	700,000	2,592,831	49,959	847,000	550,000	516,570	905,970	217,990	242,729	3,400,150	76,500	15,439,507

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DAIDFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
Africa													
Angola, Luanda	3,596	5,400	-	50	-	-	-	-	3,096	-	-	-	12,142
Benin, Cotonou	3,826	10,058	-	350	-	-	-	-	-	1,994	-	-	16,228
Botswana, Gaborone	-	-	-	450	-	-	-	-	-	-	-	-	450
Burkina Faso, Ouagadougou	-	-	-	-	-	-	-	-	-	1,890	-	-	1,890
Cameroon, Yaounde	-	-	-	150	-	-	-	-	-	3,332	-	-	3,482
Cape Verde, Praia	-	-	-	100	-	-	-	-	-	1,086	-	-	1,186
Central African Republic, Bangui	-	-	-	90	-	-	-	-	-	90	-	-	90
Chad, N'Djamena	-	-	-	50	-	-	-	-	633	-	-	-	683
Congo, Democratic Republic of the, Kinshasa	830	8,980	-	40	-	-	-	-	-	-	-	-	9,850
Cote D'Ivoire, Abidjan	-	-	-	150	-	-	-	-	300	2,760	-	-	2,910
Djibouti, Djibouti	-	-	-	100	-	-	-	-	1,117	55	-	-	1,172
Eritrea, Asmara	4,694	4,133	-	305	-	-	-	-	1,117	142	-	-	5,954
Ethiopia, Addis Ababa	11,439	26,299	-	385	-	-	-	-	-	2,418	-	-	2,468
Gabon, Libreville	-	-	-	50	-	-	-	-	-	1,427	-	-	1,427
Gambia, The, Banjul	-	-	-	-	-	-	-	-	-	2,717	-	-	2,717
Ghana, Accra	19,981	15,720	-	400	-	-	-	-	-	2,346	-	-	21,080
Guinea, Conakry	8,634	9,930	-	150	-	-	-	-	300	3,289	-	-	3,500
Guinea-Bissau, Bissau	-	-	-	50	-	-	-	-	-	1,872	-	-	1,872
Kenya, Nairobi	20,003	8,350	-	400	-	-	-	-	-	1,929	-	-	21,929
Lesotho, Maseru	-	-	-	75	-	-	-	-	-	1,638	-	-	1,638
Liberia, Monrovia	4,890	1,802	-	-	-	-	-	-	-	2,637	-	-	2,637
Madagascar, Antananarivo	12,116	3,900	-	100	-	-	-	-	501	1,402	-	-	1,903
Malawi, Lilongwe	19,054	10,675	-	335	-	-	-	-	2,500	1,493	-	-	27,485
Mali, Bamako	21,870	12,878	-	280	-	-	-	-	300	2,313	-	-	24,463
Mauritania, Nouakchott	-	-	-	-	-	-	-	-	-	2,247	-	-	2,247
Mauritius, Port Louis	-	-	-	50	-	-	-	-	-	-	-	-	50
Mozambique, Maputo	33,699	11,400	-	180	-	-	-	-	2,500	1,493	-	-	37,685
Namibia, Windhoek	6,237	3,002	-	175	-	-	-	-	300	2,313	-	-	3,702
Niger, Niamey	-	-	-	-	-	-	-	-	-	2,247	-	-	2,247
Nigeria, Lagos	10,500	17,000	20,000	600	-	-	-	-	246	-	10,000	-	58,100
Rwanda, Kigali	8,620	5,500	-	235	-	-	-	-	-	-	-	-	14,601
Sao Tome, Principe	16,153	6,400	-	735	-	-	-	-	-	3,197	-	-	26,485
Senegal, Dakar	-	-	-	75	-	-	-	-	-	-	-	-	75
Seychelles, Victoria	-	-	-	-	-	-	-	-	-	-	-	-	-
Sierra Leone, Freetown	517	500	1,500	50	-	-	-	-	1,300	-	-	-	2,567
Somalia, Mogadishu	33,490	13,188	-	800	-	-	-	-	-	2,604	-	-	50,082
South Africa, Pretoria	-	-	-	-	-	-	-	-	-	-	-	-	75
Swaziland, Mbabane	-	-	-	150	-	-	-	-	-	2,282	-	-	2,282
Tanzania, Dar es Salaam	14,322	9,500	-	-	-	-	-	-	-	1,761	-	-	1,761
Togo, Lome	-	-	-	-	-	-	-	-	-	146	-	-	146
Uganda, Kampala	27,804	19,318	-	370	-	-	-	-	300	2,376	-	-	47,638
Zambia, Lusaka	12,600	15,228	-	150	-	-	-	-	-	-	-	-	30,854
Zimbabwe, Harare	6,927	5,200	-	300	-	-	-	-	1,152	1,640	-	-	15,219
REDO/ESA/GHAI	17,360	6,900	-	-	-	-	-	-	-	-	-	-	24,260
PEGO/ATIP	30,000	-	2,000	-	-	-	-	-	-	-	-	-	32,000
Sahel Regional	6,085	200	-	-	-	-	-	-	-	-	-	-	6,285
West Africa Regional	8,900	9,900	-	-	-	-	-	-	-	-	-	-	18,800
SADC	20,415	-	1,000	-	-	-	-	-	-	-	-	-	21,415
Other AFR Regional	42,268	39,639	-	-	-	-	-	-	-	-	-	-	81,907

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE

(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
Education for Development and Democracy (EDDI)	27,000	3,000	10,000	-	-	-	-	-	-	-	-	-	40,000
Africa Regional Democracy Fund (ARDF)	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000
Great Lakes Justice Initiative (GLJI)	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Africa Regional Peacekeeping (ARP)	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Africa Crisis Response Initiative (ACRI)	-	-	-	-	-	-	-	-	-	-	-	13,000	13,000
East Africa Regional Fund (EARF)	-	-	-	-	-	-	-	-	-	-	2,034	-	20,000
Safe Skies for Africa Initiative (SSK)	-	-	2,000	-	-	-	-	-	-	-	-	-	2,034
Countries in Transition Fund (CIT)	-	-	10,000	-	-	-	-	-	-	-	-	-	2,000
Regional ATA Training - Africa	-	-	-	-	-	-	-	-	5,450	-	-	-	10,000
Migration/Refugee Assistance - Africa	-	-	-	-	-	-	-	151,845	-	-	-	-	5,450
Total, Africa	453,830	284,000	62,500	8,080	-	-	-	151,845	18,312	52,993	12,034	33,000	1,076,594

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MIRA	NADR	Peace			Total
										Corps	FMF	PKO	
<i>Regional Allocations</i>													
East Asia & Pacific	-	3,000	3,500	-	-	-	-	-	-	-	-	-	6,500
Burma, Rangoon	-	3,550	10,000	-	-	-	-	-	2,580	-	-	-	16,130
Cambodia, Phnom Penh	-	-	-	-	-	-	-	-	-	1,156	-	-	1,156
China, Beijing	-	-	-	150	-	-	-	-	-	-	-	-	150
Fiji, Suva	-	-	-	-	-	-	-	-	-	-	-	-	95,000
Indonesia, Jakarta	53,050	18,950	23,000	-	-	-	4,000	-	1,486	-	-	-	5,486
Laos, Vientiane	-	-	-	-	-	-	-	-	-	-	-	-	700
Malaysia, Kuala Lumpur	-	-	-	700	-	-	-	-	-	-	-	-	14,048
Mongolia, Ulaanbaatar	-	-	6,000	500	-	-	-	-	-	1,548	-	-	1,699
Papua New Guinea, Port Moresby	-	-	-	175	6,000	-	-	-	-	1,524	-	-	1,699
Philippines, Manila	22,500	7,200	-	1,400	-	-	-	-	-	1,722	1,000	-	33,822
Samoa, Apia	-	-	-	100	-	-	-	-	-	1,221	-	-	1,321
Solomon Islands, Honiara	-	-	-	150	-	-	-	-	-	1,287	-	-	1,447
Thailand, Bangkok	-	-	-	1,600	-	-	3,000	-	1,220	1,195	-	-	7,015
Vanuatu, Republic of, Port-Vila	-	-	-	100	-	-	-	-	-	1,367	-	-	1,467
Viet-Nam, Hanoi	1,250	1,500	-	-	-	-	-	-	1,000	-	-	-	3,750
Other Asia Regional	12,928	6,030	-	-	-	-	-	-	-	-	-	-	18,958
Accelerating Economic Recovery in Asia (AERA)	11,750	1,000	5,000	-	-	-	-	-	-	-	-	-	17,750
East Asia and Pacific Environment Initiatives	15,000	-	3,500	-	-	-	-	-	-	-	-	-	18,500
Asia Regional Democracy Fund (Asia RDF)	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
South Pacific Multilateral Fisheries Treaty	-	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Regional Security	-	-	250	-	-	-	-	-	-	-	-	-	250
Migration/Refugee Assistance - East Asia & Pacific	-	-	-	-	-	-	-	16,050	-	-	-	-	16,050
East Timor	-	-	25,000	-	-	-	-	-	-	-	-	8,500	33,500
China NGO (Tibetan Culture)	-	-	1,000	-	-	-	-	-	-	-	-	-	1,000
Regional Women's Issues	-	-	2,500	-	-	-	-	-	-	-	-	-	2,500
Regional - KEDO	-	-	-	-	-	-	-	-	35,000	-	-	-	35,000
Regional ATA Training - East Asia & Pacific	-	-	-	-	-	-	-	-	3,150	-	-	-	3,150
Kiribati	-	-	-	-	-	-	-	-	-	971	-	-	971
Micronesia & Palau	-	-	-	-	-	-	-	-	-	1,711	-	-	1,711
Tonga	-	-	-	-	-	-	-	-	-	977	-	-	1,077
Total, East Asia & Pacific	116,478	41,230	95,750	4,975	6,000	-	7,000	16,050	44,436	14,589	1,000	8,500	356,108

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DAIDFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace		PKO	Total
										Corps	FMF		
<i>Regional Allocations</i>													
Russia & the New Independent States													
Armenia, Yerevan	-	-	-	-	102,360	-	-	-	300	1,402	-	-	104,062
Azerbaijan, Baku	-	-	-	-	30,760	-	-	-	500	-	-	-	31,260
Belarus, Minsk	-	-	-	-	7,300	-	-	-	-	-	-	-	7,300
Georgia, Tbilisi	-	-	-	400	108,400	-	-	-	997	-	-	-	112,797
Kazakhstan, Almaty	-	-	-	550	43,720	-	-	-	-	2,088	3,000	-	47,858
Kyrgyzstan, Bishkek	-	-	-	350	29,460	-	-	-	-	1,358	1,500	-	32,168
Moldova, Chisinau	-	-	-	490	64,260	-	-	-	300	1,823	1,250	-	68,123
Russia, Moscow	-	-	-	800	178,480	-	-	-	5,000	3,820	500	-	188,600
Tajikistan, Dushanbe	-	-	-	-	9,200	-	-	-	-	-	-	-	9,200
Turkmenistan, Ashgabat	-	-	-	300	6,280	-	-	-	-	1,415	600	-	8,595
Ukraine, Kiev	-	-	-	1,300	160,000	-	-	-	-	3,172	3,000	-	167,472
Uzbekistan, Tashkent	-	-	-	500	17,350	-	-	-	-	2,034	1,500	-	21,384
Regional FSA	-	-	-	-	72,222	-	-	-	-	-	-	-	72,222
Regional ATA Training - Russia & NIS	-	-	-	-	-	-	-	-	3,055	-	-	-	3,055
Total, Russia & the New Independent States	-	-	-	4,690	829,812	-	-	-	10,152	17,112	12,350	-	874,116

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DAIDFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
Europe	-	-	-	600	-	32,000	-	-	1,500	-	1,600	-	35,700
Albania, Tirana	-	-	-	600	-	100,000	-	-	-	-	4,800	39,800	145,200
Bosnia and Herzegovina, Sarajevo	-	-	-	1,000	-	32,000	-	-	200	2,013	-	-	35,213
Bulgaria, Sofia	-	-	-	500	-	15,100	-	-	-	-	-	-	15,600
Croatia, Zagreb	-	-	14,950	-	-	-	-	-	250	-	-	-	15,200
Cyprus, Nicosia	-	-	-	1,500	-	-	-	-	250	-	6,000	-	7,750
Czech Republic, Prague	-	-	-	700	-	-	-	-	250	675	4,000	-	5,625
Estonia, Tallinn	-	-	-	25	-	-	-	-	-	-	-	-	25
Greece, Athens	-	-	-	1,470	-	-	-	-	200	-	6,000	-	7,670
Hungary, Budapest	-	-	23,525	-	-	-	-	-	-	-	-	-	23,525
Ireland, Dublin	-	-	-	700	-	-	-	-	250	1,013	4,000	-	5,963
Latvia, Riga	-	-	-	700	-	-	-	-	250	1,013	4,400	-	6,963
Lithuania, Vilnius	-	-	-	500	-	30,000	-	-	250	854	4,000	-	35,604
Macedonia, Skopje	-	-	-	100	-	-	-	-	300	-	-	-	400
Malta, Valletta	-	-	-	1,600	-	-	-	-	200	2,144	8,000	-	11,944
Poland, Warsaw	-	-	-	700	-	-	-	-	-	-	-	-	700
Portugal, Lisbon	-	-	-	1,100	-	35,000	-	-	200	2,191	6,000	-	44,491
Romania, Bucharest	-	-	-	650	-	-	-	-	200	1,751	2,600	-	5,201
Slovakia, Bratislava	-	-	-	650	-	-	-	-	200	-	2,000	-	2,850
Slovenia, Ljubljana	-	-	-	1,500	-	-	500	-	-	-	-	-	2,000
Turkey, Ankara	-	-	-	-	-	25,000	-	-	-	-	-	-	25,000
Yugoslavia, Belgrade (Serbia)	-	-	-	-	-	-	-	-	-	-	-	7,368	7,368
OSCE Regional	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership for Peace	-	-	21,139	-	-	-	-	-	-	-	-	-	21,139
Regional ESF	-	-	-	-	-	89,870	-	-	-	-	-	-	89,870
Regional SEED	-	-	-	-	-	150,000	-	-	-	-	-	40,000	190,000
Kosovo	-	-	-	-	-	24,000	-	-	-	-	-	-	24,000
Montenegro	-	-	-	-	-	-	-	-	3,445	-	-	-	3,445
Regional ATA Training - Europe	-	-	-	-	-	-	-	57,443	-	-	-	-	57,443
Migration/Refugee Assistance - Europe	-	-	-	-	-	-	-	57,443	-	-	-	-	57,443
Total, Europe	-	-	59,614	14,595	-	532,970	500	57,443	7,945	11,654	53,400	87,168	825,289

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MIRA	NADR	Peace Corps	FMF	PKO	Total
Regional Allocations													
Near East													
Algeria, Algiers	-	-	-	125	-	-	-	-	-	-	-	-	125
Bahrain, Manama	-	-	-	225	-	-	-	-	-	-	-	-	225
Egypt, Cairo	-	-	727,267	1,000	-	-	-	-	-	-	1,300,000	-	2,028,267
Egypt Supplemental	-	-	-	-	-	-	-	-	-	-	25,000	-	25,000
Israel, Tel Aviv	-	-	949,056	-	-	-	-	60,000	-	-	1,920,000	-	2,929,056
Israel - Wye	-	-	-	-	-	-	-	-	-	-	1,200,000	-	1,200,000
Jordan, Amman	-	-	149,500	1,600	-	-	-	-	1,511	1,709	150,000	-	304,320
Jordan - Wye	-	-	50,000	-	-	-	-	-	-	-	74,715	-	124,715
Lebanon, Beirut	-	-	15,000	550	-	-	-	-	857	-	1,500	-	16,407
Morocco, Rabat	-	-	-	900	-	-	-	-	-	2,587	-	-	14,737
Oman, Muscat	6,750	3,000	-	225	-	-	-	-	300	-	3,000	-	525
Tunisia, Tunis	-	-	-	900	-	-	-	-	-	-	-	-	3,900
Yemen, Sanaa	-	-	-	125	-	-	-	-	1,236	-	-	-	1,361
Migration/Refugee Assistance - Near East	-	-	-	-	-	-	-	-	-	-	-	-	-
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	-	-
Israel-Lebanon Monitoring Group	-	-	-	-	-	-	-	107,450	-	-	-	16,000	16,000
North Africa Trade and Investment	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Regional ATA Training - Near East	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Middle East Democracy Fund (MERDF)	-	-	-	-	-	-	-	-	6,400	-	-	-	6,400
Iraq Opposition	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000
Middle East Multilaterals	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Middle East Regional Cooperation (MERC)	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000
West Bank/Gaza	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
West Bank/Gaza - Wye	-	-	85,000	-	-	-	-	-	-	-	-	-	85,000
U.S.-North Africa Partnership	-	-	400,000	-	-	-	-	-	-	-	-	-	400,000
Total, Near East	7,750	3,000	2,410,823	5,650	-	-	-	167,450	10,304	4,296	4,674,215	17,000	7,300,488

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE

(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
Regional Allocations													
South Asia													
Afghanistan, Kabul	32,083	15,300	-	-	-	-	-	-	3,000	-	-	-	3,000
Bangladesh, Dhaka	25,700	22,750	-	450	-	-	-	-	-	1,071	-	-	48,904
India, New Delhi	-	-	-	450	-	-	-	-	200	-	-	-	49,100
Maldives Islands, Male	-	-	-	100	-	-	-	-	-	-	-	-	100
Nepal, Kathmandu	9,900	7,000	-	175	-	-	-	-	-	2,030	-	-	19,105
Pakistan, Islamabad	-	-	-	-	-	-	2,500	-	-	-	-	-	2,500
Sri Lanka, Colombo	3,250	300	-	225	-	-	-	-	-	-	-	-	3,775
Migration/Refugee Assistance - South Asia	-	-	-	-	-	-	-	30,790	-	-	-	-	30,790
Regional ATA Training - South Asia	-	-	-	-	-	-	-	-	2,450	-	-	-	2,450
South Asia Anti-Trafficking	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
South Asia Regional Programs	-	-	3,000	-	-	-	-	-	-	-	-	-	3,000
South Asia Energy & Environment	7,600	-	-	-	-	-	-	-	-	-	-	-	7,600
South Asia Regional Democracy Fund (SARDF)	-	-	8,000	-	-	-	-	-	-	-	-	-	8,000
Total, South Asia	79,533	45,350	11,000	1,400	-	-	2,500	30,790	5,650	3,101	-	-	179,324

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DA/DFA	CSD	ESF	INMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>Western Hemisphere</i>													
Antigua-Barbuda	-	-	-	120	-	-	-	-	-	-	-	-	120
Argentina, Buenos Aires	-	-	-	700	-	-	-	-	-	-	-	-	700
Barbados, Nassau	-	-	-	100	-	-	1,000	-	-	-	100	-	1,200
Belize, Belize City	-	-	-	75	-	-	-	-	-	-	-	-	75
Bolivia, La Paz	-	-	-	250	-	-	-	-	-	1,275	100	-	1,625
Brazil, Brasilia	25,538	7,583	-	550	-	-	48,000	-	-	2,879	-	-	84,550
Chile, Santiago	8,500	2,900	-	225	-	-	1,500	-	-	-	-	-	13,125
Colombia, Bogota	-	-	-	450	-	-	-	-	-	-	-	-	450
Costa Rica, San Jose	-	-	-	900	-	-	50,000	-	-	-	-	-	50,900
Dominican Republic, Santo Domingo	-	-	-	200	-	-	-	-	-	467	-	-	667
Ecuador, Quito	7,200	2,900	-	450	-	-	-	-	-	2,813	400	-	13,763
El Salvador, San Salvador	11,750	550	-	500	-	-	1,200	-	1,000	2,648	-	-	17,648
Grenada, St. George's	19,358	10,645	-	500	-	-	-	-	-	2,049	-	-	32,552
Guatemala, Guatemala City	-	-	-	60	-	-	-	-	-	-	-	-	60
Guyana, Georgetown	13,150	7,810	20,000	225	-	-	3,000	-	-	3,864	-	-	48,049
Haiti, Port-au-Prince	3,200	200	60,000	175	-	-	-	-	-	778	100	-	4,453
Honduras, Tegucigalpa	-	-	-	275	-	-	-	-	-	1,311	300	6,750	68,636
Jamaica, Kingston	12,633	7,400	-	500	-	-	-	-	-	3,760	-	-	24,293
Mexico, Mexico City	7,310	3,357	-	450	-	-	800	-	-	2,341	475	-	14,733
Nicaragua, Managua	9,462	4,400	-	1,000	-	-	10,000	-	-	-	-	-	24,862
Panama, Panama City	14,950	7,932	-	200	-	-	-	-	-	2,621	-	-	25,703
Paraguay, Asuncion	3,500	-	-	100	-	-	-	-	-	1,794	-	-	5,394
Peru, Lima	5,225	-	-	200	-	-	-	-	-	3,165	-	-	8,590
Suriname, Paramaribo	27,900	7,000	-	450	-	-	48,000	-	1,000	-	-	-	84,350
Trinidad and Tobago, Port-of-Spain	-	-	-	100	-	-	-	-	-	888	-	-	988
Uruguay, Montevideo	-	-	-	125	-	-	-	-	-	-	225	-	350
Venezuela, Caracas	-	-	-	300	-	-	-	-	-	-	-	-	300
<i>Central American Regional Development</i>													
Latin America Regional (LAC)	8,200	3,150	-	400	-	-	700	-	-	-	-	-	1,100
Migration/Refugee Assistance - Western Hemisphere	33,304	14,130	-	-	-	-	9,000	-	-	-	-	-	11,350
Administration of Justice/ICITAP	-	-	-	-	-	-	-	19,110	-	-	-	-	56,434
Regional ATA Training - Western Hemisphere	-	-	6,500	-	-	-	-	-	-	-	-	-	19,110
St Kitts-Nevis	-	-	-	-	-	-	-	-	1,436	-	-	-	6,500
St Lucia	-	-	-	70	-	-	-	-	-	-	-	-	1,436
St Vincent & Grenadines	-	-	-	60	-	-	-	-	-	-	-	-	70
Dominica	-	-	-	60	-	-	-	-	-	-	-	-	60
Eastern Caribbean	-	-	-	55	-	-	-	-	-	-	-	-	55
Western Hemisphere Regional Democracy Fund (WHRDF)	540	-	-	-	-	-	-	-	-	2,375	1,300	-	4,215
Peru/Ecuador Peace	-	-	27,000	-	-	-	-	-	-	-	-	-	27,000
OAS/IADB / Deming	-	-	11,000	-	-	-	-	-	-	-	-	-	11,000
<i>Total, Western Hemisphere</i>	211,720	79,957	124,500	9,825	-	-	173,200	19,110	4,873	35,028	3,000	6,750	667,963

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2000 ESTIMATE
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Corps	FMF	PKO	Total
										Peace			
Total, Regional Allocations	869,311	453,537	2,764,187	49,215	835,812	532,970	183,200	442,688	101,672	139,873	4,755,999	152,418	11,279,882
Global Programs	340,949	270,911	28,000	595	-	-	120,641	179,937	114,108	105,196	32,995	-	1,193,332
Other Foreign Operation Accounts	-	-	-	-	-	-	-	-	-	-	-	-	756,064
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	54,900
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	(15,000)
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	34,934
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	(339,000)
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	23,842
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	43,833
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	[3,000]
Development Credit Authority	-	-	-	-	-	-	-	-	-	-	-	-	202,014
IDA - Int. Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	1,500
Micro/Small Enterprises - Sub	-	-	-	-	-	-	-	-	-	-	-	-	500
Micro/Small Enterprises - Admin	-	-	-	-	-	-	-	-	-	-	-	-	1,500
Urban/Environment Credit - Sub	-	-	-	-	-	-	-	-	-	-	-	-	4,980
Urban/Environment Credit - Admin	-	-	-	-	-	-	-	-	-	-	-	-	518,960
Urban/Environment Credit - Admin	-	-	-	-	-	-	-	-	-	-	-	-	24,950
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	[4,981]
USAID OIG Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	[14,345]
IAF - Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	12,452
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	1,500
ERMA	-	-	-	-	-	-	-	-	-	-	-	-	123,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	35,800
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	771,290
IBRD - Global Environment Facility (GEF)	-	-	-	-	-	-	-	-	-	-	-	-	4,000
IDA - International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	25,611
MIGA - Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	13,728
IDB - Inter-American Development Bank (Ord. Cap.)	-	-	-	-	-	-	-	-	-	-	-	-	77,000
Asian Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	127,000
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	4,100
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	35,779
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	16,000
EBRD - European Bank for Reconstruction and Devel.	-	-	-	-	-	-	-	-	-	-	-	-	[104,000]
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	182,300
MDB Arrears	-	-	-	-	-	-	-	-	-	-	-	-	818,000
IO&P - International Organizations and Programs	-	-	-	-	-	-	-	-	-	-	-	-	250,875
Assistance to Plan Colombia - FY 2000	-	-	-	-	-	-	-	-	-	-	-	-	210,000
Balkans/Southeast Europe Supplemental	-	-	-	-	-	-	-	-	-	-	-	-	[450,000]
Debt Restructuring (HIPC)	-	-	-	-	-	-	-	-	-	-	-	-	[1,375,000]
ESF - Wye	-	-	-	-	-	-	-	-	-	-	-	-	4,098,646
FMF - Grant - Wye	-	-	-	-	-	-	-	-	-	-	-	-	-
Total, Other Foreign Operation Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total, FY 2000 Foreign Operations	1,210,260	724,448	2,792,187	49,810	835,812	532,970	303,841	622,625	215,780	244,069	4,788,994	152,418	16,571,860

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST (BA \$ thousands)

Regional Allocations	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
Africa													
Angola, Luanda	3,535	6,414	5,000	50	-	-	-	-	2,900	-	-	-	17,899
Benin, Cotonou	4,606	10,027	-	350	-	-	-	-	-	2,032	-	-	17,015
Botswana, Gaborone	-	-	-	500	-	-	-	-	-	-	-	-	500
Burkina Faso, Ouagadougou	-	-	-	70	-	-	-	-	-	1,943	-	-	2,013
Burundi, Bujumbura	-	-	-	70	-	-	-	-	-	-	-	-	70
Cameroon, Yaounde	-	-	-	160	-	-	-	-	-	3,464	-	-	3,624
Cape Verde, Praia	-	-	-	100	-	-	-	-	-	1,182	-	-	1,282
Central African Republic, Bangui	-	-	-	100	-	-	-	-	-	-	-	-	100
Chad, N'Djamena	-	-	-	75	-	-	-	-	600	-	-	-	675
Congo, Democratic Republic of the, Kinshasa	3,100	9,786	-	75	-	-	-	-	-	-	-	-	12,961
Congo, Republic of the, Brazzaville	-	-	-	75	-	-	-	-	-	-	-	-	75
Cote D'Ivoire, Abidjan	-	-	-	100	-	-	-	-	-	2,937	-	-	3,037
Djibouti, Djibouti	-	-	-	125	-	-	-	-	800	-	-	-	925
Eritrea, Asmara	4,642	4,662	-	345	-	-	-	-	1,000	-	-	-	10,649
Ethiopia, Addis Ababa	15,694	24,724	-	400	-	-	-	-	1,000	-	-	-	41,818
Gabon, Libreville	-	-	-	75	-	-	-	-	-	-	-	-	2,570
Gambia, The, Banjul	-	-	-	-	-	-	-	-	-	2,495	-	-	2,495
Ghana, Accra	-	-	-	-	-	-	-	-	-	1,546	-	-	1,546
Guinea, Conakry	20,867	15,270	-	425	-	-	-	-	-	2,854	-	-	39,416
Guinea-Bissau, Bissau	13,075	9,600	-	175	-	-	-	-	-	2,423	-	-	25,273
Kenya, Nairobi	-	-	-	50	-	-	-	-	500	-	-	-	550
Lesotho, Maseru	22,589	9,300	-	425	-	-	-	-	-	3,126	-	-	35,440
Liberia, Monrovia	-	-	-	85	-	-	-	-	-	1,989	-	-	2,074
Madagascar, Antananarivo	7,822	1,850	-	75	-	-	-	-	-	-	-	-	9,747
Malawi, Lilongwe	16,913	4,200	-	125	-	-	-	-	-	2,240	-	-	23,478
Mali, Bamako	17,737	11,464	-	350	-	-	-	-	-	1,664	-	-	31,215
Mauritania, Nouakchott	25,734	12,278	-	300	-	-	-	-	-	2,683	-	-	40,995
Mauritius, Port Louis	-	-	-	75	-	-	-	-	400	1,600	-	-	2,075
Mozambique, Maputo	32,718	12,854	-	60	-	-	-	-	-	-	-	-	60
Namibia, Windhoek	6,798	3,502	-	195	-	-	-	-	2,000	1,630	-	-	49,402
Niger, Niamey	-	-	-	60	-	-	-	-	100	2,194	-	-	12,789
Nigeria, Lagos	32,833	22,167	25,000	650	-	-	-	-	-	2,320	-	-	2,380
Rwanda, Kigali	8,461	6,347	-	250	-	-	-	-	-	-	-	-	80,650
Sao Tome, Principe	-	-	-	85	-	-	-	-	250	-	-	-	15,308
Senegal, Dakar	16,461	6,957	-	750	-	-	-	-	-	-	-	-	85
Seychelles, Victoria	-	-	-	-	-	-	-	-	-	3,438	-	-	27,606
Sierra Leone, Freetown	3,075	1,925	-	60	-	-	-	-	-	-	-	-	60
Somalia, Mogadishu	-	-	-	100	-	-	-	-	-	-	-	-	5,100
South Africa, Pretoria	39,089	15,400	-	-	-	-	-	-	1,600	2,857	-	-	1,600
Swaziland, Mbabane	-	-	-	825	-	-	-	-	-	-	-	-	58,171
Tanzania, Dar es Salaam	15,816	10,300	-	175	-	-	-	-	-	2,466	-	-	85
Togo, Lome	-	-	-	50	-	-	-	-	-	1,911	-	-	28,757
Uganda, Kampala	31,148	22,718	-	385	-	-	-	-	-	-	-	-	1,961
Zambia, Lusaka	13,664	21,376	-	160	-	-	-	-	-	-	-	-	54,251
Zimbabwe, Harare	7,719	6,000	-	325	-	-	-	-	500	2,431	-	-	38,131
REDSO/ESA/GHAI	19,870	5,300	-	-	-	-	-	-	1,000	1,717	-	-	16,761
									-	-	-	-	25,170

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST
(BA \$ thousands)

	D/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
PEGO/ATIP	28,000	-	2,000	-	-	-	-	-	-	-	-	-	30,000
Sahel Regional	6,812	-	-	-	-	-	-	-	-	-	-	-	6,812
SADC	19,886	-	1,000	-	-	-	-	-	-	-	-	-	20,886
Other AFR Regional	67,264	46,648	1,000	-	-	-	-	-	-	-	-	-	114,912
Education for Development and Democracy (EDDI)	27,000	3,000	15,000	-	-	-	-	-	-	-	-	-	45,000
Africa Regional Democracy Fund (ARDF)	-	-	15,000	-	-	-	-	-	-	-	-	-	15,000
Great Lakes Justice Initiative (GLJI)	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Africa Regional Peacekeeping (ARRP)	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
Africa Crisis Response Initiative (ACRI)	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Safe Skies for Africa Initiative (SSK)	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Countries in Transition Fund (CIT)	-	-	20,000	-	-	-	-	-	5,800	-	-	-	20,000
Regional ATA Training - Africa	-	-	-	-	-	-	-	138,000	-	-	-	-	138,000
Migration/Refugee Assistance - Africa	-	-	-	-	-	-	-	-	-	-	18,000	-	18,000
Africa Regional Stability	-	-	-	-	-	-	10,000	-	-	-	-	-	10,000
Africa Regional Anti-Crime	-	-	-	-	-	-	-	-	-	-	-	-	2,000
OAU	-	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Total, Africa	532,928	304,069	98,000	9,170	-	-	10,000	138,000	18,450	55,142	18,000	35,000	1,218,759

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>East Asia & Pacific</i>													
Burma, Rangoon	-	3,000	3,500	-	-	-	-	-	-	-	-	-	6,500
Cambodia, Phnom Penh	-	-	20,000	100	-	-	-	-	2,600	-	-	-	22,700
China, Beijing	-	-	-	-	-	-	-	-	-	1,360	-	-	1,360
Fiji, Suva	-	-	-	160	-	-	-	-	-	-	-	-	160
Indonesia, Jakarta	61,075	18,925	50,000	400	-	-	-	-	-	-	-	-	130,400
Laos, Vientiane	-	-	-	50	-	-	4,200	-	-	-	-	-	5,750
Malaysia, Kuala Lumpur	-	-	-	700	-	-	-	-	1,500	-	-	-	700
Mongolia, Ulaanbaatar	-	-	12,000	525	-	-	-	-	-	-	-	-	16,213
Papua New Guinea, Port Moresby	-	-	-	180	-	-	-	-	-	1,688	2,000	-	6,213
Philippines, Manila	30,100	9,900	5,000	1,400	-	-	-	-	-	1,533	-	-	17,173
Samoa, Apia	-	-	-	120	-	-	-	-	-	1,253	2,000	-	5,261
Solomon Islands, Honiara	-	-	-	150	-	-	-	-	-	1,306	-	-	1,373
Thailand, Bangkok	-	-	-	1,560	-	-	3,000	-	-	1,318	-	-	1,456
Vanuatu, Republic of, Port-Vila	-	-	-	100	-	-	-	-	1,300	1,409	-	-	7,178
Viet-Nam, Hanoi	-	-	-	50	-	-	-	-	800	-	-	-	1,509
Other Asia Regional	2,000	-	-	-	-	-	-	-	-	-	-	-	2,850
Accelerating Economic Recovery in Asia (AERA)	11,976	9,565	-	-	-	-	-	-	-	-	-	-	21,541
East Asia and Pacific Environment Initiatives	10,000	1,000	8,000	-	-	-	-	-	-	-	-	-	19,000
Asia Regional Democracy Fund (Asia RDF)	17,100	2,000	6,000	-	-	-	-	-	-	-	-	-	25,100
South Pacific Multilateral Fisheries Treaty	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
Regional Security	-	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Migration/Refugee Assistance - East Asia & Pacific	-	-	250	-	-	-	-	-	-	-	-	-	250
East Timor	-	-	-	-	-	-	-	15,000	-	-	-	-	15,000
Chinese Compensation	-	-	10,000	-	-	-	-	-	-	-	-	18,000	28,000
Regional Women's Issues	-	-	28,000	-	-	-	-	-	-	-	-	-	28,000
Regional - KEDO	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000
Regional ATA Training - East Asia & Pacific	-	-	-	-	-	-	-	-	55,000	-	-	-	55,000
Kiribati	-	-	-	-	-	-	-	-	3,700	-	-	-	3,700
Micronesia & Palau	-	-	-	-	-	-	-	-	-	936	-	-	936
Tonga	-	-	-	-	-	-	-	-	-	1,764	-	-	1,764
Total, East Asia & Pacific	132,251	44,390	165,750	5,595	-	-	7,200	15,000	64,900	15,423	4,000	18,000	472,509

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MIRA	NADR	Peace			PKO	Total
										Corps	FMF			
<i>Regional Allocations</i>														
Russia & the New Independent States														
Armenia, Yerevan	-	-	-	-	74,960	-	-	-	600	1,510	-	-	-	77,070
Azerbaijan, Baku	-	-	-	-	54,560	-	-	-	600	-	-	-	-	55,160
Belarus, Minsk	-	-	-	-	8,000	-	-	-	-	-	-	-	-	8,000
Georgia, Tbilisi	-	-	-	475	85,760	-	-	-	900	-	4,500	-	-	91,635
Kazakhstan, Almaty	-	-	-	600	48,300	-	-	-	-	2,290	1,900	-	-	53,090
Kyrgyzstan, Bishkek	-	-	-	400	37,540	-	-	-	-	1,475	1,600	-	-	41,015
Moldova, Chisinau	-	-	-	600	49,960	-	-	-	-	1,948	1,500	-	-	53,908
Russia, Moscow	-	-	-	800	161,850	-	-	-	-	4,798	1,000	-	-	168,448
Tajikistan, Dushanbe	-	-	-	-	12,000	-	-	-	-	-	-	-	-	12,000
Turkmenistan, Ashgabat	-	-	-	325	8,000	-	-	-	-	1,564	700	-	-	10,589
Ukraine, Kiev	-	-	-	1,500	171,300	-	-	-	-	3,530	4,000	-	-	180,330
Uzbekistan, Tashkent	-	-	-	550	25,000	-	-	-	-	2,367	1,700	-	-	29,617
Regional FSA	-	-	-	-	92,770	-	-	-	-	-	-	-	-	92,770
Regional ATA Training - Russia & NIS	-	-	-	-	-	-	-	-	3,650	-	-	-	-	3,650
International Science and Technology Centers	-	-	-	-	-	-	-	-	45,000	-	-	-	-	45,000
Total, Russia & the New Independent States	-	-	-	5,250	830,000	-	-	-	50,750	19,382	16,900	-	-	922,282

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace		Total
										Corps	FMF	
<i>Regional Allocations</i>												
<i>Europe</i>												
Albania, Tirana	-	-	-	800	-	32,000	-	-	-	-	4,500	37,300
Bosnia and Herzegovina, Sarajevo	-	-	-	800	-	90,000	5,000	-	-	-	3,000	119,800
Bulgaria, Sofia	-	-	-	1,100	-	32,000	-	-	-	2,192	8,500	43,792
Croatia, Zagreb	-	-	-	525	-	30,000	-	-	-	-	-	30,525
Cyprus, Nicosia	-	-	15,000	-	-	-	-	-	-	-	-	15,000
Czech Republic, Prague	-	-	-	1,700	-	-	-	-	-	-	9,000	10,700
Estonia, Tallinn	-	-	-	800	-	-	-	-	300	565	6,350	8,015
Greece, Athens	-	-	-	25	-	-	-	-	-	-	-	25
Hungary, Budapest	-	-	-	1,700	-	-	-	-	-	-	9,000	10,700
Ireland, Dublin	-	-	24,600	-	-	-	-	-	-	-	-	24,600
Latvia, Riga	-	-	-	750	-	-	-	-	-	-	-	750
Lithuania, Vilnius	-	-	-	750	-	-	-	-	-	846	5,350	6,946
Macedonia, Skopje	-	-	-	550	-	-	-	-	-	846	6,500	8,096
Malta, Valletta	-	-	-	100	-	30,000	-	-	-	792	7,900	39,242
Poland, Warsaw	-	-	-	1,700	-	-	-	-	-	-	-	100
Portugal, Lisbon	-	-	-	750	-	-	-	-	-	448	12,300	14,448
Romania, Bucharest	-	-	-	1,300	-	35,000	-	-	-	2,457	11,000	49,757
Slovakia, Bratislava	-	-	-	700	-	-	-	-	-	1,543	8,400	10,643
Slovenia, Ljubljana	-	-	-	700	-	-	-	-	-	-	3,500	4,200
Turkey, Ankara	-	-	-	1,600	-	-	500	-	-	-	-	2,100
Yugoslavia, Belgrade (Serbia)	-	-	-	-	-	41,500	-	-	-	-	-	41,500
OSCE Regional	-	-	-	-	-	-	-	-	-	-	-	10,000
Regional SEED	-	-	-	-	-	89,500	-	-	-	-	-	89,500
Kosovo	-	-	-	-	-	175,000	-	-	-	-	-	204,000
Montenegro	-	-	-	-	-	55,000	-	-	-	-	-	55,000
Regional ATA Training - Europe	-	-	-	-	-	-	-	-	-	-	-	4,100
Migration/Refugee Assistance - Europe	-	-	-	-	-	-	-	-	4,100	-	-	4,100
Total, Europe	-	-	39,600	16,350	-	610,000	5,500	88,460	4,400	9,689	95,300	925,299

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST

(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>Near East</i>													
Algeria, Algiers	-	-	-	125	-	-	-	-	-	-	-	-	125
Bahrain, Manama	-	-	-	235	-	-	-	-	-	-	-	-	235
Egypt, Cairo	-	-	695,000	1,100	-	-	-	-	-	-	-	-	1,996,100
Israel, Tel Aviv	-	-	840,000	-	-	-	-	60,000	-	-	1,300,000	-	2,880,000
Jordan, Amman	-	-	150,000	1,700	-	-	-	-	1,500	1,867	75,000	-	230,067
Lebanon, Beirut	-	-	12,000	575	-	-	-	-	800	-	-	-	13,375
Morocco, Rabat	6,985	3,000	-	955	-	-	-	-	500	2,698	2,500	-	16,138
Oman, Muscat	-	-	-	250	-	-	-	-	-	-	-	-	750
Tunisia, Tunis	-	-	-	955	-	-	-	-	-	-	2,500	-	3,455
Yemen, Sanaa	-	-	4,000	135	-	-	-	-	1,400	-	-	-	5,535
Migration/Refugee Assistance - Near East	-	-	-	-	-	-	-	103,100	-	-	-	-	103,100
Multinational Force and Observers	-	-	-	-	-	-	-	-	-	-	-	16,000	16,000
Israel-Lebanon Monitoring Group	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
NEA Regional Trade & Investment	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Regional ATA Training - Near East	-	-	-	-	-	-	-	-	6,900	-	-	-	6,900
Middle East Democracy Fund (MERDF)	-	-	-	-	-	-	-	-	-	-	-	-	4,000
Iraq Opposition	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000
Middle East Multilaterals	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Middle East Regional Cooperation (MERC)	-	-	4,000	-	-	-	-	-	-	-	-	-	4,000
West Bank/Gaza	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
U.S.-North Africa Partnership	-	-	100,000	-	-	-	-	-	-	-	-	-	100,000
Total, Near East	7,985	3,000	1,828,000	6,030	-	-	-	163,100	11,100	4,565	3,360,000	17,000	5,400,780

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST
(BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
<i>Regional Allocations</i>													
<i>South Asia</i>													
Afghanistan, Kabul	48,352	21,050	-	-	460	-	-	-	2,900	-	-	-	2,900
Bangladesh, Dhaka	46,550	20,676	5,000	475	-	-	-	-	-	1,227	-	-	71,089
India, New Delhi	-	-	-	110	-	-	-	-	-	-	-	-	72,701
Maldives Islands, Male	12,000	8,250	-	200	-	-	-	-	-	2,252	-	-	110
Nepal, Kathmandu	-	-	-	-	-	-	3,500	-	-	-	-	-	22,702
Pakistan, Islamabad	3,000	-	-	-	-	-	-	-	-	-	-	-	3,500
Sri Lanka, Colombo	-	-	-	245	-	-	-	29,500	-	-	-	-	3,245
Migration/Refugee Assistance - South Asia	-	-	-	-	-	-	-	-	2,950	-	-	-	29,500
Regional ATA Training - South Asia	-	-	-	-	-	-	-	-	-	-	-	-	2,950
South Asia Regional Stability	1,000	300	1,000	-	-	-	-	-	-	-	-	-	1,000
South Asia Anti-Trafficking	20,293	-	4,000	-	-	-	-	-	-	-	-	-	1,300
South Asia Energy & Environment	-	-	5,000	-	-	-	-	-	-	-	-	-	24,293
Women and Children Support Fund	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
South Asia Regional Democracy Fund (SARDF)	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Total, South Asia	131,195	50,276	20,000	1,490	-	-	3,500	29,500	5,850	3,479	-	-	245,290

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST

(BA \$ thousands)

	DADFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace			Total
										Corps	FMF	PKO	
Regional Allocations													
Western Hemisphere													
Argentina, Buenos Aires	-	-	-	750	-	-	-	-	-	-	1,000	-	1,750
Bahamas, Nassau	-	-	-	115	-	-	1,200	-	-	-	140	-	1,455
Belize, Belize City	-	-	-	275	-	-	-	-	-	1,302	200	-	1,777
Bolivia, La Paz	33,850	6,473	-	600	-	-	52,000	-	-	2,867	-	-	95,790
Brazil, Brasilia	9,500	4,400	-	250	-	-	2,000	-	-	-	-	-	16,150
Chile, Santiago	-	-	-	500	-	-	-	-	-	-	-	-	500
Colombia, Bogota	-	-	-	1,040	-	-	35,000	-	-	-	-	-	36,040
Costa Rica, San Jose	-	-	-	200	-	-	-	-	-	252	-	-	452
Dominican Republic, Santo Domingo	9,786	4,649	-	450	-	-	-	-	-	2,767	650	-	18,302
Ecuador, Quito	8,096	-	-	550	-	-	2,200	-	1,200	2,629	-	-	14,675
El Salvador, San Salvador	23,927	10,138	-	525	-	-	-	-	-	2,149	-	-	36,739
Guatemala, Guatemala City	20,330	7,810	20,000	250	-	-	3,000	-	-	4,143	-	-	55,533
Guyana, Georgetown	4,500	500	-	195	-	-	-	-	-	725	125	-	6,045
Haiti, Port-au-Prince	-	-	50,000	300	-	-	-	-	-	1,381	450	4,000	56,131
Honduras, Tegucigalpa	19,326	8,440	-	525	-	-	-	-	-	3,987	-	-	32,278
Jamaica, Kingston	9,435	5,225	-	500	-	-	1,200	-	-	2,263	585	-	19,208
Mexico, Mexico City	9,725	4,200	-	1,000	-	-	10,000	-	-	-	-	-	24,925
Nicaragua, Managua	20,238	7,248	-	220	-	-	-	-	-	2,793	-	-	30,499
Panama, Panama City	4,500	-	-	110	-	-	-	-	-	1,938	-	-	6,548
Paraguay, Asuncion	8,000	-	-	200	-	-	-	-	-	3,083	-	-	11,283
Peru, Lima	36,900	10,350	-	475	-	-	48,000	-	1,200	-	-	-	96,925
Suriname, Paramaribo	-	-	-	100	-	-	-	-	-	857	-	-	957
Trinidad and Tobago, Port-of-Spain	-	-	-	125	-	-	-	-	-	-	300	-	425
Uruguay, Montevideo	-	-	-	300	-	-	-	-	-	-	-	-	300
Venezuela, Caracas	-	-	-	400	-	-	1,200	-	-	-	-	-	1,600
Central American Regional Development	10,200	3,700	-	-	-	-	-	-	-	-	-	-	13,900
Latin America Regional (LAC)	35,807	12,868	-	-	-	-	9,500	15,300	-	-	-	-	58,175
Migration/Refugee Assistance - Western Hemisphere	-	-	10,000	-	-	-	-	-	-	-	-	-	15,300
Administration of Justice/CITAP	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Regional ATA Training - Western Hemisphere	-	-	-	560	-	-	-	-	1,650	-	-	-	1,650
Eastern Caribbean	-	-	-	-	-	-	-	-	-	2,316	1,550	-	4,426
Western Hemisphere Regional Democracy Fund (WHRDF)	-	-	43,650	-	-	-	-	-	-	-	-	-	43,650
Peru/Ecuador Peace	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
OAS/IADB/Demining	-	-	-	-	-	-	-	-	1,500	-	-	-	1,500
Total, Western Hemisphere	264,120	86,001	133,650	10,515	-	-	165,300	15,300	5,550	35,452	5,000	4,000	724,888

SELECTED U.S. ASSISTANCE PROGRAMS: FY 2001 REQUEST (BA \$ thousands)

	DA/DFA	CSD	ESF	IMET	FSA	SEED	INCLE	MRA	NADR	Peace Corps	FMF	PKO	Total
Total, Regional Allocations	1,068,479	487,736	2,285,000	54,400	830,000	610,000	191,500	449,360	161,000	143,132	3,499,200	134,000	9,913,807
Global Programs	413,271	171,514	28,000	600	-	-	120,500	208,852	150,500	131,868	39,000	-	1,264,105
Other Foreign Operation Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Export-Import Bank - Loan Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	963,000
Export-Import Bank - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	63,000
Export-Import Bank - Direct Loans, Negative Subsidies	-	-	-	-	-	-	-	-	-	-	-	-	(16,000)
OPIC - Administrative Expenses	-	-	-	-	-	-	-	-	-	-	-	-	39,000
OPIC - Net Offsetting Collections	-	-	-	-	-	-	-	-	-	-	-	-	(346,000)
OPIC - Credit Funding	-	-	-	-	-	-	-	-	-	-	-	-	24,000
Trade and Development Agency	-	-	-	-	-	-	-	-	-	-	-	-	54,000
IDA - Int. Disaster Assistance	-	-	-	-	-	-	-	-	-	-	-	-	220,000
Development Credit Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	[15,000]
Development Credit Admin	-	-	-	-	-	-	-	-	-	-	-	-	8,000
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	520,000
USAID OIG Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	27,000
IAF - Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	-	-	20,000
African Development Foundation	-	-	-	-	-	-	-	-	-	-	-	-	16,000
Assistance to Plan Colombia - FY 2001	-	-	-	-	-	-	-	-	-	-	-	-	256,000
ERMA	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-	7,000
Debt Restructuring	-	-	-	-	-	-	-	-	-	-	-	-	262,000
IBRD - Global Environment Facility (GEF)	-	-	-	-	-	-	-	-	-	-	-	-	175,567
IDA - International Development Association	-	-	-	-	-	-	-	-	-	-	-	-	835,570
MIGA - Multilateral Investment Guarantee Agency	-	-	-	-	-	-	-	-	-	-	-	-	16,000
Asian Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	125,000
African Development Fund	-	-	-	-	-	-	-	-	-	-	-	-	100,000
African Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	6,100
EBRD - European Bank for Reconstruction and Devel.	-	-	-	-	-	-	-	-	-	-	-	-	35,779
IADB - Multilateral Investment Fund	-	-	-	-	-	-	-	-	-	-	-	-	25,900
Inter-American Investment Corporation	-	-	-	-	-	-	-	-	-	-	-	-	34,000
MDB Arrears	-	-	-	-	-	-	-	-	-	-	-	-	[167,100]
IO&P - International Organizations and Programs	-	-	-	-	-	-	-	-	-	-	-	-	354,000
Total, Other Foreign Operation Accounts	-	-	-	-	-	-	-	-	-	-	-	-	3,907,916
Grand Total, Foreign Operations	1,481,750	659,250	2,313,000	55,000	830,000	610,000	312,000	658,212	311,500	275,000	3,538,200	134,000	15,085,828

GLOSSARY OF ACRONYMS

ACRI	African Crisis Response Initiative
ADB	Asian Development Bank
ADF	Asian Development Fund
AERA	Accelerating Economic Recovery in Asia
AETF	Afghan Emergency Trust Fund
AFDB	Africa Development Bank
AF DF	African Development Fund
AOJ	Administration of Justice
APEC	Asia-Pacific Economic Cooperation Forum
APP	American Presence Post
ATA	Anti-terrorism Assistance
CAST	Center for Anti-terrorism and Security Training
CBI	Caribbean Basin Initiative
CBM	Confidence Building Measure
CFE	Conventional Forces in Europe
CICAD	Inter-American Drug Abuse Control Commission
CSD	Child Survival and Diseases
CTBT	Comprehensive Test Ban Treaty
CWC	Chemical Weapons Convention
DA	Development Assistance
DCA	Development Credit Authority
DEA	Drug Enforcement Agency
DFA	Development Fund for Africa
DHRF	Democracy and Human Rights Fund
DOE	Department of Energy
DOS	Department of State
EAI/MIF	Enterprise for the Americas Multilateral Investment Fund
ECOMOG	Economic Community Military Operations Group
EBRD	European Bank for Reconstruction and Development
ECOMOG	Economic Community of West African States Monitoring Group
ECOWAS	Economic Community of West African States
EDA	Excess Defense Articles
EDDI	Education for Development and Democracy Initiative
EIPC	Enhanced International Peacekeeping Capabilities
ERMA	U.S. Emergency Refugee and Migration Assistance
ESAF	IMF Enhanced Structural Adjustment Facility
ESF	Economic Support Fund
ETRI	Expanded Threat Reduction Initiative
EU	European Union
EXIM	Export Import Bank
FBI	Federal Bureau of Investigation
FMCT	Fissile Material Cutoff Treaty
FMF	Foreign Military Financing

Supporting Information

FSA	FREEDOM Support Act - Assistance for the New Independent States
FTAA	Free Trade Area of the Americas
GAVI	Global Alliance for Vaccines and Immunizations
GCC	Global Climate Change
GEF	Global Environment Facility
GHAI	Greater Horn of Africa Initiative
GLJI	Great Lakes Justice Initiative
GLOBE	Global Learning and Observation to Benefit the Environment
GSP	Generalized System of Preference
HIPC	Heavily Indebted Poor Countries
IADB	Inter-American Development Bank (FSO)
IAEA	International Atomic Energy Agency
IAF	Inter-American Foundation
IBRD	International Bank for Reconstruction and Development (World Bank)
ICC	International Conferences and Contingencies
ICITAP	International Criminal Investigative Assistance Program
ICPD	International Conference on Population Development
ICSECA	International Contributions for Scientific, Educational, and Cultural Act
IDA	International Development Association
IDB-OC	Inter-American Development Bank (Ordinary Capital)
IFC	International Finance Corporation
IFIs	International Financial Institutions
ILEA	International Law Enforcement Academy
ILO	International Labor Organization
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
INS	Immigration and Naturalization Service
IIC	Inter-American Investment Corporation
IO&P	International Organizations and Programs
IPR	Intellectual Property Rights
ISA	Initiative for Southern Africa
Justice	Department of Justice
KFOR	Kosovo Force
KEDO	Korean Energy Development Organization
MIGA	Multilateral Investment Guarantee Agency
MLAT	Mutual Legal Assistance Treaty
MOU	Memorandum of Understanding
MRA	Migration and Refugee Assistance
MTCR	Missile Technical Control Regime
NADB	North American Development Bank
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NAFTA	North America Free Trade Agreement
NATO	North Atlantic Treaty Organization
NDF	Nonproliferation and Disarmament Fund
NGO	Non-governmental Organization
NIS	New Independent States of the Former Soviet Union

Supporting Information

NMD	National Missile Defense
NPT	Nuclear Nonproliferation Treaty
OAS	Organization of American States
OAU	Organization of African Unity
OFDA	Office of Foreign Disaster Assistance
ONDCP	Office of National Drug Control Policy
OPIC	Overseas Private Investment Corporation
OSCE	Organization for Security and Cooperation in Europe
PEGO	Partnership for Economic Growth and Opportunity
PKO	Peacekeeping Operations
PVO	Private Voluntary Organization
SADC	South African Development Community
SECI	Southeastern European Cooperative Initiative
SEED	Support for East European Democracy
SFOR	Stabilization Force (Bosnia)
START	Strategic Arms Reduction Treaty
TDA	Trade and Development Agency
TIATA	Treasury Technical Assistance
TIP	Terrorist Interdiction Program
Treasury	Department of the Treasury
TRIP	Trade-Related Intellectual Property
UN	United Nations
UNDCP	UN Drug Control Program
UNICEF	UN Children's Fund
UNOCHA	UN Office for Coordination of Humanitarian Assistance to Afghanistan
UNSMA	UN Special Mission to Afghanistan
USAEP	U.S.-Asian Environmental Partnership
USAID	United States Agency for International Development
USCG	United States Coast Guard
USDA	Department of Agriculture
USIA	United States Information Agency
USTR	United States Trade Representative
VAAP	Vaccine Action Program
VOA	Voice of America
WMD	Weapons of Mass Destruction
WTO	World Trade Organization
Wye	Wye Memorandum